



Annual Report

2018

Grupo Média Capital, SGPS, S.A.

NOTE:

Free translation for information purposes only. In the event of discrepancies, the Portuguese language version prevails

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ANNEX

Statutory Audit

Report of The Audit Committee

GRUPO MEDIA CAPITAL, SGPS, S.A.

Dear Shareholders,

The Board of Directors of the Grupo Media Capital, SGPS, S.A. in compliance with the legal and statutory precepts instituted, presents the Management Report and Statutory Consolidated Accounts for the year of 2018. Under the terms of number 6 of article 508 – C of the Portuguese Companies Code, the Board of Directors has decided to present a sole Management Report, in which all the required legal precepts are fulfilled.

On this date, the Board of Directors also presented, separately from the Management Report and under the terms of article 508-G of the Portuguese Companies Code, consolidated non-financial information, which is included in the Sustainability Report of Grupo Media Capital.

SOLE MANAGEMENT REPORT OF THE BOARD OF DIRECTORS 2018 ACCOUNTS

INTRODUCTION

The company Grupo Média Capital, SGPS, S. A. (“Company” or “Society” or “MÉDIA CAPITAL” or “Grupo Media Capital” or “Group” or “GMC”) has as its only investment, a 100% share of MEGLO – Media Global, SGPS, S.A. (“Meglo”). Through this investment the Company holds, indirectly, participations in the companies mentioned in note 4 of the Notes to the Consolidated Financial Statements on December 31, 2018.

The complete designations of the companies included in this report have the due correspondence in the aforementioned notes to the financial statements, which are an integral part of the Management Report and Consolidated Financial Statements of the Company.

GROUP STRUCTURE

Grupo Media Capital is currently the leading media group in Portugal in terms of EBITDA and Net Income, with a strong presence in most of the segments in the media sector and in the production of audiovisual contents. Its operational structure reflects this broad business scope and is horizontal, organized into five different business units and a Shared Services Unit that centralizes all the administrative functions and serves the other Group companies in areas such as payroll, accounting, financial management, treasury, purchases and information systems, including the Group’s Holding and sub-holdings.

The Group’s strategy is founded on basis of quality, independence and credibility, and on a commitment to develop information, culture and entertainment in Portugal, permanently guided by the interests and preferences of viewers, listeners, customers and advertisers.

In terms of financial reporting, the structure adopted by Media Capital comprises three reporting segments: Television, Audiovisual Production and Radio. The remaining companies and business units– including Digital – are grouped in a separate reportable segment called Other. The purpose of this structure is to simplify the evaluation and visibility of the different business units where the company operates, taking into account the dimension and the existing relations and synergies between the companies of each business reportable segment.



ECONOMIC ENVIRONMENT

After a 2.8% growth in 2017, the latest major indicators of the Portuguese economy indicate a slight deceleration in 2018, with an expected 2.1% growth, due to lower investment and minor external demand, whose combined effect surpassed private and public consumption growth rate.

In 2018, unemployment rate reached 8.9% (vs 7.0% in 2017) whilst the inflation rate decelerated increased 1.4% (1.6% in 2017).

Advertising market performance

Following the recovery begun in the last third of 2013, the Portuguese agencies advertising market (before volume discounts) registered a 3% increase in 2018 (10% in 2014, 3% in 2015, 5% in 2016 and 3% in 2017).

Regarding the segments in which the Group is present, the Television segment stabilized in the values recorded in 2017 (0% variation in FTA and 1% increase in pay TV), while Digital (once again) significantly improved by 15% and Radio increased 2%.

As for other segments, Press registered a new decrease in 2018 (-17%), while Cinema and Outdoor both increased, respectively, 18% and 7%.

Taking into consideration the recent economic favourable context, advertising market is expected to experience a new (but moderated) growth in 2019, albeit the extent and impact of this tendency is still unknown. Furthermore, the pace of economic activity is expected to slow down, albeit mainly in terms of external demand.

MAIN FACTS IN 2018

2017 values are presented on a pro-forma basis, incorporating the adoption of IFRS 15 – Revenues from Contracts with Customers - that took place since 1 January 2018. This implied an increase in both revenues and costs in the exact same amount, i.e. neutral EBITDA and also cash flow wise.

- In 2018, Media Capital kept its leadership in audiences and profitability, strengthening its position in the competitive Portuguese media sector.
- On a comparable basis (i.e. 2017 adjusted for IFRS 15), advertising grew by 3% vs 2017.
- Consolidated EBITDA reached € 40.2 million, in line with 2017.
- Financial results improved 34% YoY, due to the lower average volume of net debt, lower all-in interest rate and favourable FX differences.
- The TV segment had an EBITDA of € 30.3 million. TVI kept the leadership in TV audience share for the 149th straight month, achieving an average share of 20.0% and 23.6% in all day and prime time, respectively. The gap over the second most watched channel was 3.5pp in all day and 3.3pp in prime time.
- TVI's leadership in audiences was also maintained when analysing by groups of channels (TVI, TVI24, TVI Ficção and TVI Reality), with 22.9% in all day and 26.0% in prime time, i.e., respectively 2.7pp and 2.4pp above the second most watched group of channels, although TVI has a lower number of channels.
- The Radio segment continued to improve its EBITDA, which in this period rose by 14% YoY to € 7.4 million, with a margin of 38.1%. Media Capital's radios continued to increase their audience levels, reaching an average figure of 37.1% in 2018, the highest ever, also being the 7th consecutive year with positive growth. Such performance benefited from the success of Radio Comercial, which this year reached the highest number of listeners ever for a Portuguese radio in the 3rd audience reading (more than 1.5 million listeners), whereas M80 remained as the third most listened to radio in Portugal.
- In the Digital business there was a strong improvement in audiences and revenues. In the comparison against 2017, the number of visits, page views and videos rose by 19%, 29% and 51% respectively, thus decisively contributing for the 19% increase in advertising revenues.
- It is worth highlighting the cash flow generation, with an improvement in operating cash flow from € 29.5 million to € 35.0 million, whereas net debt came down € 9.6 million when comparing against YE 2017, despite the € 18.6 million paid out as dividends. Hence, net debt stood at € 85.7 million at the end of 2018.

- Following the closing of 2018, there were no subsequent events with material relevance, other than those in line with the normal evolution of the Group's operating activity.

FINANCIAL POSITION, INVESTMENT AND DEBT

In terms of investments in tangible and intangible fixed assets, the Group recorded a capex of € 6.1 million, 52% higher than in 2017, especially in the television segment in the second half of the year, due to investments in equipment renovation and studio equipment.

Net debt stood at € 85.7 million at the end of December 2018, a decrease of € 9.6 million YoY, despite the distribution of € 18.6 million of dividends in the third quarter of 2018. The Group thus maintains a comfortable capital structure.

The remaining items did not have significant changes that are not presented in more detail in the notes to the consolidated financial statements. It is worth mentioning the "rights of transmission of television programs" caption, which incorporates the contents held by the Group on December 31 in 2018 and 2017, available on the programming grid of its TV channels, as well as the items of working capital (current assets and liabilities), essentially related to the income and expenses further described in the document.

BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

On a comparable basis (see previous note about IFRS 15), in 2018 operating revenues increased 2%, reaching € 181.8 (€ 177,5 in 2017) million. Opex, excluding amortization and depreciation, was up 3%, from € 137.5 million to € 141.6 million.

Consolidated EBITDA was € 40.3 million (€ 40.1 million in 2017), with an accumulated margin of 22.1% (22.6% in 2017).

EBIT reached € 33.6 million, which compares with € 32.2 million in 2017 (+4%).

Net financial results improved by 34% to € 30 million, due to lower average net debt and lower associated cost and to favourable exchange rate.

Accumulated net income was € 21.6 million, 9% above the comparable period.

During 2018, the group recorded an investment in tangible and intangible fixed assets of € 6.1 million (vs € 4.0 million in 2017).

BRIEF OVERVIEW OF THE INDIVIDUAL RESULTS

Grupo Média Capital SGPS, S.A. accounts are mainly a reflexion of the operational activity of its participated companies, as well as the dividend received and distributed to its shareholders.

In terms of the full income statement, operational result was € 35.1 thousand (€ 25.5 thousand in 2017), once operational income (essentially composed by management fees), was enough to offset operating expenses (which went from € 5,566.6 thousand in 2017 to € 5,469.7 thousand in 2018, due to lower expenses external services). Financial results reached € 57.3 thousand (€ 61.8 thousand in 2017).

In turn, gains in subsidiaries, which correspond to dividends from is participated company Meglo, rose to € 18,916.2 thousand in 2018 (vs € 18,032.1 thousand in 2017).

It is worth mentioning that during 2018 Grupo Média Capital, SGPS, S.A. distributed dividends amounting to € 18,592.9 thousand (€ 17,747.8 thousand in 2017), which corresponded to a dividend per share of € 0.22 (€0.21 in 2017).

Taxes had a positive impact in 2018 (though lower than in 2017), reaching € 191.0 thousand (vs € 436.0 thousand).

Future activity of the Company will be influenced by the operations of its direct and indirect subsidiaries, being all the legally required information already described in this Management Report for each of the operations leaded by the Group.

EXPECTED EVOLUTION IN ACTIVITY FOR 2019

Banco de Portugal expects economic improvements in the Portuguese economy in 2019, although less pronounced than what is expected in 2018. Hence PIB indicator is expected to grow 2.1% in 2018, 1.8% in 2019 and 1.7% in 2020.

After the growth in activity registered in 2017 and 2018, the favourable external environment should register a slower growth path in the short/medium term, as the cycle of economic expansion in most of the main trading partners within and outside the euro zone is expected to slow down.

On the other hand, monetary policy in the main economic areas (and in particular in the euro zone) will also remain stable, although an increase in key interest rates is likely to be expected.

Private consumption is expected to decelerate, after a period of recovery / implementation of expenditure that had been postponed with the outbreak of the crisis. Nonetheless, further reductions

in the unemployment rate are expected, while inflation, following a strong acceleration in 2017, should confirm the slow down verified in 2018, due to lower global economic dynamics.

However, attending the strong decrease in the advertising market until 2013, it is expected to continue to grow in 2019, although the extent and consistency of this movement is unknown. Such uncertainty is reinforced by the expectation of a deceleration of private consumption.

In this environment, and as in previous years, TVI will continue to protect the most profitable time slots and contents, maintaining as well, a tight cost control on both programming and structure. The pursuit of revenues from non-traditional advertising sources will continue to be critical aiming to achieve leadership in quality, innovation and profitability. A special attention to non-linear offer and interactivity as a means for monetization and consumers' loyalty will remain. Event production will also be an activity in which TVI will be engaged.

In the Audiovisual Production segment, after the effort made by gathering the production centres, technical resources, scenarios foresees and cost structure, quality, production time and activity expansion to new contents, namely entertainment, are goals for 2019. The Group will maintain its commitment to be the reference producer in drama contents in Portuguese language and to expand know how in critical contents.

2018 was again a record-breaking year for the MCR radios, with a very positive performance vs the whole radio market, leading to an improvement in both operational efficiency and profitability. The main goal in 2019 is to reinforce its brand and content portfolio. MCR also intends to continue to invest in the creation of new business opportunities and market solutions, by reinforcing its radios' digital presence (namely web radios) as well as their presence at the most significant events and music festivals.

In Media Capital Digital's operating segment, the estimates are that the Group will continue to improve its relative presence in digital when compared to other media. In this sense, and taking in consideration the growing weight of content consumption in multiple platforms, interfaces and means (linear, non-linear, mobile, simultaneous media), it is a strategic decision for the Group to be in the forefront of these developments and to capitalize its already proven ability to innovate.

It is nevertheless important to mention that the level of uncertainty at macroeconomic level as well as certain structural changes taking place in the media industry is making projections extremely difficult.

A large, light gray, stylized graphic of a television set, split horizontally by a yellow bar. The top half of the TV is visible above the bar, and the bottom half is visible below it. The TV has a rounded top and a central screen area.

Television



INTRODUCTION

Aside from the FTA TV channel TVI, the company also owns the Pay TV channels TVI24, TVI Internacional, TVI Ficção, TVI África and TVI Reality.

In 2018, TVI was FTA audience leader in Portugal for the 14th consecutive year. TVI leads FTA audiences in Portugal in all day since 2005 and in prime time since 2001.

TVI's offer maintained its undisputed and consolidated leadership during 2018, either in News, Sports, Drama or Entertainment. The channel reached 20.0% share in all day and 23.6% in prime time, thus maintaining a wide gap to its most direct competitor (+3.5pp in all day and +3.3pp in prime time, according to Gfk). In what concerns the Adult target, TVI's share was 20.8% in all day and 24.2% in prime time.

When comparing groups of channels, and despite TVI's group of channels is smaller than the groups of the other major players, the station's aggregated group of channels reached shares of 22.9% in all day and 26.0% in prime time, leading audiences in the targets Universe and Adults.

Along 2018, TVI's channels reached a daily average audience of 4.136 million viewers (2.887 million in prime time).

"Apanha se Puderés", "Pesadelo na Cozinha", "A Herdeira", "Jogo Duplo", "Valor da Vida", "A Teia", "Dança com as Estrelas", "Secret Story VII" and "Jornal das 8" are among the contents that consolidated TVI's leadership.

The novela "Ouro Verde", produced by Plural, won an International Emmy for best novela. After being nominated five more times, this was the second time that TVI/Plural conquered this important award.

ACTIVITY EVOLUTION IN 2018

In what regards financial performance, operating revenues in the TV segment increased 2% in 2018. Accumulated advertising revenues also increased 2%.

Other revenues, which encompass, among other, retransmission fees and multimedia services, content selling and multimedia services, were up 1%.

Opex was up 4% YoY, mostly due to stronger investment in premium contents. Hence, EBITDA in 2018 was € 30.3 million (-8% YoY), with a margin of 20.0%.

2018 - LEADER FOR THE FOURTEENTH CONSECUTIVE YEAR

The absolute and undisputed leadership of TVI covers the period between 10am and midnight (except 2pm), with a large difference to the more direct competitor both in all day (+3.5pp) and prime-time (+3.3pp).

According to GfK, TVI registered 20.0% share in all day and 23.6% in prime-time. TVI also lead in the commercial target Adultos, with shares of 20.8% and 24.2% in all day and in prime time, respectively.



Regarding News, “Jornal das 8” lead audiences during 297 days in 2018, with an average audience of 949 thousand viewers and 22.3% share.

The journalistic investigation specials by TVI’s journalist Ana Leal, impacted Portuguese viewers and reached an average audience of 1.120 million viewers and 24.2% share. Also, the investigation programs “Deus e o Diabo” (1.004 million viewers and 23.0% share) and “Mães Interrompidas” (1.225 million viewers and 26.4% share) were two of the most prominent journalistic investigation programs in 2018.

Broadcasted on Sunday nights, “Pesadelo na Cozinha” was once again the most watched programme of the year (asides from sports programs) and reached an average audience of over 1.370 million viewers.



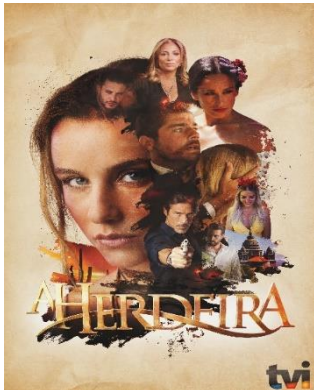
PROGRAMMING

In 2018 TVI once again lead audiences in relevant contents like local drama, entertainment and news. This was a year of consolidation and strength for TVI’s contents leadership. “A Herdeira” and “Valor da Vida” both represent a step forward in the modernisation of local drama offer and in the search for new audiences and new ways of television consumption.

Despite the transmissions of the World Football Championship, TVI was able to fight for its position and led audiences in the months of the competitions in several timeslots. TVI's programming lead audiences in the morning, afternoon and at night, during the matches' transmissions.

Local Drama

The four novelas broadcasted by TVI in 2018 all led audiences on their timeslot.



Succeeding the Emmy winner "Ouro Verde", "A Herdeira" achieved an average audience of 1.243 million viewers and 27.7% share and was the most watched novela in Portugal, along the year.

Premiered in 2018, "Valor da Vida", written by the author of "Ouro Verde", made an impact in the last quarter of the year and led audiences with 1.079 million viewers and 24.4% share.



At the end of the year, TVI premiered another major production, "A Teia", a novela produced by Plural which reached a leading average audience of 779 thousand viewers and 23.6% share.

As for "Jogo Duplo", it also led on its timeslot, with an average audience of over 1.811 million viewers and 23.4% share.

The end of the first season of the police drama "Onde Está Elisa?" obtained an average audience of 450 thousand viewers and 20%. This series was audience leader on its timeslot, and represented a new approach to local drama production, following consumer's needs regarding new ways of consumption and viewers preferences.

Entertainment

Regarding Entertainment, the second season of “Pesadelo na Cozinha” had a difficult challenge: to fulfil the expectations and performance of the first season in 2017. And expectations were met. The program’s second season confirmed “Pesadelo na Cozinha” as a favourite for Portuguese viewers. Stared by Chef Lubomir Stanisic, “Pesadelo na Cozinha” reached an average audience over 1.371 million viewers and 29.3% share, totally outstanding its competition.

Premiered in December, “Dança com as Estrelas” obtained excellent results, reaching an average audience over 870 thousand viewers (22.2% share). New Year’s Eve special reached a maximum share of 24.8%, sealing TVI’s leadership in 2018.



“Apanha se Puderés” led on its timeslot in 2018, with an average audience of 685 thousand viewers and 20.0% share, confirming the viewers preference for TVI in the pre prime time timeslot.

At the end of the year, TVI broadcasted two special programs of “MasterChef Especial de Natal”, both audience leaders on Saturday nights, with over 1 million viewers.

Also, “MasterChef Junior” was a huge success and a favourite for Portuguese viewers. The talent show registered an average audience of over 1.242 million viewers and 26.4% share.



On Sunday afternoons, “Somos Portugal” – broadcasted live from different parts of the country – lead on its timeslot with 689 thousand viewers and a share of 21.5%.

“A Tua Cara não me é Estranha” confirmed itself as one of TVI’s strongest brands, with an average audience of 995 thousand viewers and 27.4% share.



In 2018, TVI premiered on Saturday afternoons “Conta-me Como És”, which registered substantial audience growth throughout its emission, reaching an average audience of 550 thousand viewers every Saturday.

Among the wide portfolio of productions along the year, it is also worth mentioning:

The morning show “Você na TV” continued to lead on its timeslot with a share of 26.0% and an average of 365 thousand viewers. At the end of the year, Manuel Luís Goucha and Rui Oliveira invited Portuguese viewers to ‘enter’ their property in Alentejo and shared unforgettable moments in that extraordinary set. The program made a difference on weekday mornings.

Also on weekday’s afternoons, talk show “A Tarde é Sua” obtained a leading share of 16.7% (355 thousand viewers), confirming itself as the favourite program on that timeslot.

Another audience leader on TVI’s programming was “Secret Story 7: Casa dos Segredos”, which led every Sunday night throughout its 14 emissions, such as its successor, “Secret Story: O Reencontro”.

2018 was also marked by a unique event in Portuguese television – “50 horas”, a format broadcasted in two episodes, that focused on a strong physical and psychological experience.

News

News contents once again reached historical results in 2018. “Jornal das 8” was the most seen news programme, leading 297 days (81% of the year) along the year, with an average audience of 949 thousand viewers (22.3% share).

On Mondays, the “Jornal das 8” editorial line is directed by the journalist Miguel Sousa Tavares, always with excellent audience results.

“Jornal da Uma” also led audiences on its timeslot, leading for 270 days, 74% of the year.



José Eduardo Moniz returned to TVI’s antenna with “Deus e o Diabo”, an innovative format that led comfortably along its emissions, with an average audience of over 1 million viewers.

On Sunday nights, international news were on the spotlight in “Global”, with Paulo Portas, which reached an average audience of 925 thousand viewers.

Regarding investigative journalism, “Ana Leal” led on its timeslot, with 1.120 million viewers and 24.2% share.





Also, “Reporter TVI” achieved an average of 1.070 million viewers and 24% share during 2018, and “Ciganos: Uma Longa Sina”, was the most seen report of the year.

Still in investigative journalism, “Segredo dos Deuses” also achieved excellent audience results.

Leader in Sports contents

In 2018, TVI was once again the main stage for the Portuguese football teams participating in the Champions League. All of the matches’ broadcasts achieved great results, with average audiences of 1.896 million viewers and 41.1% share (49.5% on Male target).

Solidarity contents in 2018

In 2018, TVI carried out several awareness-raising and social support initiatives. Main highlights:

“Natal a Meias” – a project aimed at helping the Portuguese Firefighters to buy three ambulances, twenty defibrillators and three hundred firefighter uniforms.



Special broadcasts of “Apanha se Puderés”. The values raised reverted to Social Solidarity Institutions.

In 2018, TVI also supported the following institutions, by promoting their communication initiatives: Liga Portuguesa contra o Cancro, Ministério da Administração Interna – Prevenção de Incêndios, APAV, Direção Geral de Saúde – Juntos contra o Açúcar, Cáritas, Corrida Terry Fox, Fundação Portuguesa de Cardiologia, Banco Alimentar, Proteção Civil – Aldeia Segura (incêndios), Direção Geral de Saúde – Tabaco, UNICEF, Associação Novo Futuro, Operação Nariz Vermelho, Secretaria de Estado da Igualdade - Campanha Nacional de Combate à Violência contra as Mulheres.

Awards and achievements in 2018

March 2018:

- “Ouro Verde” wins “Prémio Autores”

April 2018:

- Actor Pedro Hossi wins Best Actor Award for his performance in “Ouro Verde”, in Angola
- TVI’s journalist Conceição Queiroz is awarded with the “Prémio Maria Barroso Jornalismo para a Paz e Desenvolvimento”

June 2018 - Television Trophies – TVI wins 16 out of 24 awards:

- In local drama, TVI wins all the trophies in all categories for novelas and wins two of three awards in the series category
- Three awards for TVI’s entertainment contents
- Four awards in news category
 - Best Journalist – José Carlos Araujo
 - Best Reporter – Ana Leal
 - Best Report/Documentary – Alexandra Borges
 - Best Sports program – Mais Futebol

June 2018:

- TVI and Media Capital Digital win fifteen awards in the Creativity Awards by the specialized magazine “Meios e Publicidade”
- “Viagens à Minha Terra”, a weekly magazine in “Jornal das 8” wins the 4th edition of Prémios AHRESP in the Tourist Promotion category

July 2018:

- Media Capital Digital wins Google DNI support for a video project

September 2018:

- TVI becomes the first brand in Portugal to achieve 1 million followers on youtube
- Plural wins Meios e Publicidade Best Television Producer Award

September 2018 – New Emmy nomination

TVI and Plural are nominated for the fifth time to the International Emmy Awards for Best Novela

November 2018:

TVI and Plural win the Emmy for Best Novela in the International Emmy Awards and Plural becomes the most awarded European producer in this category and the second worldwide

In 2018, Media Capital remains one of the only three Portuguese companies in the Euronext TECH40 index.

Once again, at the end of the year, Wonderland returned to Lisbon. With this project, TVI aims at creating an even closer relation with its audience. Wonderland is the largest Christmas Market in Portugal and, in 2018, continued to grow and achieved 750 thousand visitors. This growth also reflected in TVI and TVI24's antenna, with a large number of interactions in December.



International Drama

During 2018, TVI maintained its bet on quality series and blockbuster cinema, broadcasting quality series, such as “Suits”, “Chicago Fire” or “Hawai Five-O”. This year TVI premiered “Allegiance”, “State of Affairs” and “The Americans” (winner of the Golden Globe of Best Drama Series in 2018).

Regarding movies, “Fast and Furious 7”, “Jurassic World”, “Minions”, “True Grit”, “Central Intelligence” or “Fifty Shades of Grey” were some of the blockbusters TVI premiered in Portuguese television in 2018, achieving significant audience results.

tvi24

In 2018, TVI24 lead, for the third year in a row, audiences in prime-time among all news channels and was the 9th most seen channel in 2018, with an average audience of 63 thousand daily viewers (1.470 million contacts a day).

During 2018, TVI24 once again exceeded its best results, leading audiences for 138 days (94 in 2017). TVI24 has 15 on the top 25 of news channels' programs along 2018.



As for sports, TVI24 broadcasted several sports events and competitions, always with relevant results, such as La Vuelta, which registered an average of 79 thousand viewers.



Liga Revelação sub 23 (72 thousand viewers), futsal matches, skate hockey or the tennis competition Millennium Estoril Open, were also on the spotlight in TVI24's programming grid.



TVI24 is also present in Angola, Mozambique and Cape Verde.

Programming

In the channels' grid, the programs "Prolongamento", which registered an average audience of more than 100 thousand viewers, "Governo Sombra" (more than 58 thousand viewers), "Mais Bastidores", "Mais Transferências" all obtained good performances and led on their timeslots.



TVI24 maintained its bet on the best news services, broadcasting the main news programs hourly throughout the day, as well as its political and economic debate programs. A large focus was also given to homeland security and justice, on a regular basis in SOS24.

In the digital arena, the value proposal by TVI24 also had positive developments, by assuming itself as the country's main multimedia screen.

On top of having the site tvi24.pt registering record audience figures, its video contents (e.g., the contents related to the Champions League) and apps for several platforms and devices also posted unmatched record figures in number of downloads.



During 2018, TVI Internacional entered new platforms in France, Switzerland and Luxembourg. It also premiered for the first time in a German platform. TVI Internacional is now available to more than 200 thousand Portuguese (and Portuguese descendant) in Germany.

TVI's channels continued to reinforce its international presence. In France, the third largest television provider added the station's channels to its Portuguese speaking offer.

With a programming grid based in live contents broadcasted simultaneously with TVI and TVI24 – especially news, entertainment, reality shows and talk shows – and in local drama produced by Plural, TVI Internacional is now present in more than 40 cable, satellite and TDT platforms and in 22 territories. Through TVI Internacional, the best contents in Portuguese, provided by the leading channel in Portugal for the last 14 years, are available to million Portuguese speaking viewers around the globe.

tvficção

TVI Ficção houses the best of TVI's local drama (produced by Plural). Available exclusively in MEO (pay-tv operator), it offers exclusive contents to MEO subscribers, such as anticipated visioning of episodes.

TVI Ficção's programming grid allows viewers to view (and review) the most successful local drama contents and to get a better knowledge of those who are part of the everyday life of Portuguese viewers.



Guided tours to the backstage of TVI's productions and exclusive interviews are some of the features of "Selfie", one of TVI Ficção's programs.

The channel obtained in 2018 0.7% share among pay tv channels.

In the programming grid, it is also worth mentioning the novelas "Belmonte", "Santa Barbara", "Sentimentos", "Jardins Proibidos" and "Doce Tentação".

In 2018 TVI Ficção was available in 14 territories throughout the world and reinforced its presence in two important countries, with strong presence of Portuguese speaking communities: France and Switzerland.

The channel actually broadcasts to: Andorra, Angola, Cape Verde, France, French Guiana, Guadalupe, Luxembourg, Martinica, Monaco, Mozambique, Saint Martin, Saint Barthelemy, Switzerland and United Kingdom.

tvireality

TVI Reality is "the house" of TVI's reality shows since October 2015. Broadcasted exclusively in the NOS platform, TVI Reality broadcasts in live streaming and can be seen from everywhere in the world, through its app, available in Android and iOS.

In 2018, Portuguese viewers could follow the lives of the participants of "Secret Story VII" and "Love on Top", 24hrs/day through TVI Reality.



In the programming grid, priority is given to “homemade” contents, such as “Love on Top”, an interactive reality, was specially conceived by TVI and Endemol, exclusively for TVI.

The channel obtained in 2018 0.8% share among pay tv channels, maintaining a strong position within its target.



Premiered in October 2015 in partnership with Multichoice África Group, TVI África broadcasts for Angola and Mozambique, through the dStv platform. This is the first Portuguese generalist channel exclusively developed for other countries, which reflects TVI’s bet on the African Portuguese speaking markets.

One of the main highlights of the channel’s programming grid is “Palopiando”, a talk show with African celebrities, presented by Rita Pereira, were music also had an important presence.



Another key program was “TOP K” (the best of Kizomba), presented by Mónica Jardim, with major focus on the best music, and the weekly top of the most listened songs.



TVI África programming offers exclusive contents and the best of TVI’s programming, including *reality shows*, local drama, large entertainment formats and news, from the audience leader in Portugal.



In 2018, TVI Player maintained its leadership among Portuguese OTT providers, with more 30% video visualizations than in 2017. In total, 84 million videos were seen through this platform (vs 67 million in 2017), which has a regular monthly basis of 1 million unique users.

TVI Player premiered in 2018 a new original format: My Mood. During its 10 episodes, presented by Inês Gutierrez, several celebrities faced a dilemma and were interviewed by the host.

Also, in 2018 Selfie went from a digital magazine to a television program. Besides from the whole episodes, magazines, back stages, interviews, selfie clinic, selfie smile, selfie fit, among others, were available on TVI Player, totalling over 100 videos per month.

TVI's summer party was extensively covered by TVI Player. Either live or with the transmission of the best moments in the backstage, the party or the red carpet.

Festival Solaris had its own channel on TVI Player, broadcasting the biggest sunset party during the summer. Also, the music festival Vodafone Paredes de Coura broadcasted live for TVI Player and TVI24. As for NOS Primavera Sound, ten influencers and TVI's production teams covered the event and made several video reports and digital contents.

In 2018, TVI Player also broadcasted TVI Ficção and TVI Reality to viewers worldwide through its subscription plan.

TVI Player is developed by TVI and IOL Negocios' teams. It is an optimized platform for video and is available for free in apps for web, iPad, iPhone and Android, as well on Vodafone TV.

The platform is available for TVI's channels, both in FTA and cable, featuring several interactive and innovative solutions. Besides allowing the viewers to watch their favourite programs live or VOD, TVI Player introduces new features, such as the programs' highlights or backstage, as well as exclusive contents. Users have several features available when using the app, such as the possibility to rewind the viewing of each channel.

DIGITAL – Other projects

TVI's network of sites increased its leading advantage among other television websites, reaching 46% share in visits and 61% in pageviews, during 2018. In December, TVI achieved its best record in the national digital ranking – Netscope.

SELFIE – TV Project

Premiered in April 2017, SELFIE is a social digital magazine, targeted at showing TVI's celebrities' lives in and outside the screen.

As a news celebrities' website, SELFIE is permanently updated, on a daily basis. It is also present on Facebook, Instagram and Twitter.

After only a year and a half of existence, and after its huge success online, SELFIE made it to television, being the first social website to migrate from digital to television, making it a real case study.

Nationwide, in what comes to gossip, SELFIE made a direct entrance to the Top 3 of the most influential digital publications.

TVI's summer party

During TVI's summer party, "Câmara Exclusiva", Digital TVI and SELFIE were responsible for a wide and extensive coverage of all the event, transmitting live before and during the party, both in TVI Ficção and live on TVI.

Casting for "Morangos com Açúcar"

In December 2018 TVI carried out the casting for a new season of the series "Morangos com Açúcar". Over 15.000 candidates applied, through the website and personally, on the casting meeting point, near Wonderland, in Lisbon.

Secret Story 7

The 7th edition of Secret Story was even more interactive and technologically innovative, with the main highlight being the use of artificial intelligence with machine learning, based on facial recognition technology.

The app SS7 obtained four times more mentions than the previous ones and registered positive feedback from users. Daily use of this app duplicated in relation to previous editions and the number of viewed contents quadruplicated.

OTHER REVENUE STREAMS

Among Other Revenues obtained by the channel, revenue streams were generated by:

- a) Distribution of TVI, TVI24, TVI Internacional, TVI Ficção, TVI África and TVI Reality feeds on other platforms, such as cable, IPTV, satellite, TDT and mobile, in Portugal and worldwide;
- b) Sale of contents to distributors in Portugal and abroad, thus confirming the quality of TVI and Plural's contents;
- c) Interactive and multimedia services related to TVI's contents.

Content Sales

In 2018, content sales had a positive performance. “A Única Mulher” continued its unstoppable course and became available in more than 75 countries, after it was sold to USA, Poland and Mexico in 2018. The premier of this novela in September in French speaking regions of Africa, gathered hundreds of people along with the actors in Costa do Marfim.

After the selling of “A Impostora” to the main generalist channel in Argentina, other TVI novelas premiered in America Latina. “A Impostora” was also sold to all French speaking territories in Europe (Belgium, France, Andorra, Monaco, Switzerland and Luxembourg) and to French speaking territories in Africa (Congo Republic, Madagascar, Cameroon, Costa do Marfim, Nigeria, Burkina Faso, Mali, Senegal, Chad, Guinea, Ruanda, Burundi, Benin, Togo, Central African Republic, Gabon, Equatorial Guinea, Djibouti Republic, Comoros and Seychelles).

The International Emmy Award winner for Best Novela in 2018, “Ouro Verde”, began its international course in Serbia, Montenegro, Bosnia, Macedonia, Slovenia and Croatia, before being sold to USA and finished the year with its first sale to the 22 MENA (Middle East and North African Countries) territories - Algeria, Bahrain, Iraq, Iran, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Syria, United Arab Emirates, Yemen, Morocco, Sudan, Tunisia, Libya, Mauritania, Egypt and the Republic of Djibouti – becoming the first of TVI’s novelas to be translated to Arabian language.

As for “A Herdeira”, it was sold to Angola and Mozambique, whilst TVI’s miniseries were sold to VOD and SVOD markets in USA.

Finally, it is also worth mentioning that the investigative report “O Segredo dos Deuses” was sold to the german program WeltSpiegel.

Interactivity

Following its diversification strategy and development of new revenue sources, TVI maintained its bet on interactive initiatives associated to the promotion of its programs.

2018 was market by strong dynamics and innovation, namely with the launch, in June, of the 761 calls. 761 is a premium number, associated to more and better prizes. Based on diverse contents, this new interactive proposal had excellent receptivity by the viewers.

New strategic areas were consolidated, such as “Vai € Volta”, an exclusive discount platform, which was well received by the public.

The results obtained are fruit of the contribution of several areas of TVI, as well as the relation with television producers, telecom operators and other partners.

INNOVATION AND TECHNOLOGY

Grupo Media Capital assumes its investment in technology as a priority, in innovation and digital bet, both internally (to the group) and externally (to the end users).

Increasingly digitizing the internal processes of the group allows not only the optimization of resources but also the provision of a better and more personalized service to its clients.

The Group is continually investing in the development of its technological systems, assuring on one hand, a permanent system update and, on the other hand, the concretization of new innovative technology-based projects, that can improve the consumer's experience when contacting with its contents (especially regarding TVI and MCD).

The group's Technology area seeks to create innovative, creative solutions that add value to both the operation and the ease and speed with which consumers access content, which is a primary goal for GMC.



Audiovisual Production



INTRODUCTION

Plural Entertainment maintained its position as one of the major audiovisual producers in Iberia, producing essentially drama and entertainment in Portuguese language.

Plural is the largest audiovisual production company in Portugal, with strong operations in production services and scenarios.

Asides from the local drama contents, in 2018 Plural produced the entertainment show “Dança com as Estrelas”, which became audience leader on its timeslot.

In 2018, Plural was once again awarded Best Audiovisual Producer, by the Meios & Publicidade Awards.

The novela “Ouro Verde”, produced by Plural was considered the best novel of the year for the International Emmy Awards. Plural is the second most awarded producer in the world in this area for the Emmys.

ACTIVITY EVOLUTION IN 2018

The Audiovisual Production segment had total operating revenues of € 32.8 million, which corresponded to a 3% increase, benefiting from an increase in audiovisual production activity.

In Portugal, accumulated revenues were up 2% YoY, as a result of higher content production activity in all areas.

In Spain, the activity is reduced to residual levels, with a slim and flexible structure, the necessary one to address attractive commercial opportunities.

Opex remained at the same level of 2017, due to the variation of the volume of activity.

Hence, EBITDA reached a positive figure of € 0.7 million, significantly improving vs 2017 (€ - 0.3 million).

It is worth mentioning that 16% of Plural’s revenues were obtained outside Grupo Media Capital.

PLURAL ENTERTAINMENT

In 2018, Plural Entertainment maintained its position as the major audiovisual producer in Portugal, being a reference in local drama and producing over 630 hours of contents in Portuguese.

The integration of all the production processes, along with a strong team work among all the intervenient, has been strategic and determinant to the success of Plural's products.

A New International Emmy

In 2018, the novela "Ouro Verde" won the Emmy for best novel in the International Emmy Awards.

Plural has already won two Emmy Awards and five nominations in total, being the most nominated and awarded European producer in this area and the second in the world, for these important international awards. "Ouro Verde" was the only drama product in Portuguese among the nominees.

For the tenth year, Plural won in 2018 the award for Best Television Producer, by the professional magazine "Meios & Publicidade". This is a recognition for the Group's audiovisual production in Portugal and abroad.

AUDIOVISUAL PRODUCTION

Local Drama Contents

During 2018, the recording of the novela "A Herdeira" and "Jogo Duplo" came to an end. Broadcasted on TVI's prime time, both registered leading audiences throughout its emissions.

In the second half of the year, Plural began the production of the novelas "Valor da Vida" and "A Teia". The first, recorded in Brazil, Lebanon and Guimarães tackles important social issues, such as domestic violence, human organs and babies' traffic and cryogenization, whilst the police plot "A Teia" tackles other actual issues, such as sexual harassment, deafness or parental alienation.

Both are audience leaders on their timeslot since their premier.

Entertainment Contents

In 2018 Plural embraced the production of a new entertainment program, "Dança com as Estrelas". Presented by Rita Pereira and Pedro Teixeira, "Dança com as Estrelas" lead audiences since its premier. Plural also produce more 149 episodes of "Apanha se Puderem", which was also audience leader on its timeslot.

Advertising Contents

Advertising production was once again a strategic area for Plural. The commitment to this business segment, reinforced by the integration of this area with the soft sponsoring of TVI, allowed taking advantage of strong synergies both in the production of advertising content, as in the acquisition of new clients and the creation of new communication solutions.

Plural's versatility is visible in the variety of advertising solutions offered, ranging from music themes, to spots, content integration, institutional films, among others.

EMAV – EMPRESA DE MEIOS AUDIOVISUAIS



In 2018, EMAV's internationalization was reinforced, with operations for clients in Sweden, Italy and Netherlands, as well as for the Angola and Moroccan markets.

The company kept assuring technical resources for Plural's productions, as well as the collaboration with other companies outside the group, such as RTP, Endemol/Shine Iberia or AVK.

As part of the services provided to TVI - the leading audience channel in Portugal - it is worth mentioning the production of "Somos Portugal", outdoor news and events and the Sunday Masses. Also the productions for Plural - "O Valor da Vida" and "A Teia" - required demanding operations regarding equipment and technology, in Portugal, Lebanon, Brazil and Scotland.

Sports events were also a strength of EMAV's productions in 2018, namely football matches (of the Portuguese and Spanish Leagues, Champions League), the major tennis event in Portugal (Millennium Estoril Open), Portugal Rally, cycling and bull and horse races.

In 2018 continued to assure the management and maintenance of TVI's transmission equipments, by satellite.

EPC – EMPRESA PORTUGUESA DE CENÁRIOS

EPC is considered the major Set Designing company in Portugal.

In 2018 EPC produced the sets of the Eurovision Songs Contest 2018. Regarding local drama, the productions "O Valor da Vida" and "A Teia" were the two main projects along the year.



As for entertainment content production, EPC worked for the three major generalist television channels (TVI, RTP and SIC), in programs such as “Você na TV”, “A Praça” and “Programa da Cristina”.

EPC also maintained its partnership with several audiovisual producers such as Endemol, Shine Iberia, Valentim de Carvalho Filmes and Cofina Media.

Regarding news contents, in 2018 EPC helped renew the news studios of SIC and RTP.

On an international level, it is worth highlighting the television studio for the Moroccan MEDI1 and the fashion show Moda Paris, where EPC was responsible for the presentation of the brand Balenciaga.

INNOVATION AND TECHNOLOGY

Concerning graphic design and visual effects, Plural, in addition to the creative work for its products (2D and 3D composition, stage extensions, 3D animation for VFX and creation of physical and digital props, among others), works for external clients and is always aware and searching for new trends and innovations in order to achieve the best results and stay in the forefront of technology.

Such as in previous years, Plural maintained its bet on the modernization and optimization of the production process, based on a software tool aimed to centralize the information in a more robust and accessible way. The resulting process optimization, allowed for important savings, gave the company more flexibility in responding to market's needs and led to a greater management of cost control in real time.



Radio



INTRODUCTION

During 2018, Radio Comercial maintained its market leadership in the morning timeslot. On the other side, m80 consolidated the 3rd position as the most listened radio in Portugal, an unprecedented feat, since m80 is not a national coverage radio.

Along the year, Media Capital Rádios (MCR)'s brands got even closer to listeners, with the intensification of the support of social causes and the promotion of free shows around the country.

MCR was present in the most relevant events, promoting solidarity initiatives on air or through its social networks.

ACTIVITY EVOLUTION IN 2018

On financial grounds, advertising revenues improved 4% YoY, while other operating revenues were up 25%, to € 0.9 million, mainly due to event production and advertising spots production.

Opex maintained at the same level as the previous year.

As a result, EBITDA increased 14% to € 7.4 million. Once again, EBITDA margin improved, reaching 38.1% (35.1% in 2017).

AUDIENCE

The audience data continues to underline the outstanding performance of the formats explored by MCR. In 2018 MCR was again the leading radio group in Portugal, registering a new historical result.

In fact, the average audience share of MCR's group of radios in 2018 was 37.1% which, besides from being a new unprecedented result, represents a 0.7pp improvement YoY.

Rádio Comercial improved its average share from 23.7% to 24.2%.



m80 registered in 2018 an average share of 8.5%, similar to what was registered in 2017. It is now, definitely and prominently, the third most listened radio in Portugal, despite not having a national coverage network.

m80 revolutionized the Digital Radios market by launching 11 Web-themed Radios. The project launched in April 2018 allowed listeners to discover other ways to listen to m80 Radio and to do it according to their musical taste. The 11 thematic digital radios, available on the site and the mobile application of the M80, prepared for the iOS and Android systems, paved the way for the future.

- M80 60'S
- M80 70'S
- M80 80'S
- M80 90'S
- M80 Indie
- M80 Ballads
- M80 Dance
- M80 POP
- M80 Portugal
- M80 Rock
- M80 Soul

As for other formats, SmoothFM also launched three digital radios in 2018:

- Smooth Soul
- Smooth Bossa Nova
- Smooth Blues

As for Cidade, it obtained an average share of 2.6%.

AWARDS AND ACHIEVEMENTS IN 2018

Radio Comercial was, for the sixth consecutive year, awarded Best Radio, by Meios & Publicidade. It also won the Marketeer award in the Media-radio category and was considered the most reputable brand in media, in the Corporate Excellency Awards.

Commercial Bike Day - Pedalling to Help was the initiative promoted by Radio Comercial to help the Salvador Association. For each kilometre pedalled, PRIO, who joined the initiative, offered 4 euros to the association.

DIVERSIFIED AND INNOVATIVE PORTFOLIO



Rádio Comercial has once again strengthened its positioning and captures new listeners, while sustaining its investment on humour contents and on its morning show. The mornings team is now consolidated with the integration of Vera Fernandes.

Continuing its strategy of proximity to the listener Rádio Comercial was, more than ever, closer to its listeners. From Wonderland Lisboa to major music festivals, such as NOS Alive or MEO Mares Vivas, Radio Comercial was present, broadcasting live and interacting with its audience.

Along the year, the station's team toured the country collecting the Portuguese's opinion about radio. These testimonies were heard on air and are now available on Radio Comercial's website and facebook.

In 2018, the shows "Christmas in the Night" once again sold out in Lisbon and Oporto and expanded to Guimarães and Portimão, totalling more than 24 thousand people attending this events.



To celebrate its 39th anniversary, Radio Comercial once again moved beyond its on-air confines, and, along with artists and audience, celebrated in several parts of the country: Braga, Covilhã, Aveiro, Santarém and Setubal. All the events sold out.

At the end of the year, it is worth highlighting Radio Comercial's Christmas song, which generated over 631 million views and 18 thousand shares on social networks.

In 2018, Radio Comercial maintained its (winning) bet on its website and premiered a new motto: "A melhor música, sempre" (The best music, always).

Also, m80 kept its investment in proximity to its listeners, sponsoring various musical, artistic or sports events and organizing highly successful parties throughout the country, with "As músicas da sua vida" (the song of your life), played by the station's DJ's Nelson Miguel and Francisco Gil.

Cidade continued its bet on the entertainment team, with the entrance of João Paulo Sousa. It also maintained its positioning as a reference station for the younger target audience with a single musical positioning of Current Hits. Cidade once again invested strongly in promoting or organising events.

As for SmoothFM, the station gained new audience and kept its positioning, as a jazz and soul radio station, with a wide variety of playlists and renowned artists. SmoothFM was also media partner and the official radio station on three days of EDP Cool Jazz, an event dedicated to this type of music.

VodafoneFM also increased its on place presence and maintained its positioning targeting the younger audience. The radio was media partner of Vodafone Mexe Fest, a music festival that occurs in several music halls in the centre of Lisbon.

Online

In 2018, MCR brands registered a monthly average of over 80 million pageviews, corresponding to an increase of 5%. This performance is mainly due to Radio Comercial which contributed with an average of over 54 million pageviews.

Average visit time in the MCR's network of sites increased 3.5% to 201 minutes (195 minutes in 2017). This is especially relevant as this number includes average listening time online.

Regarding apps, MCR's radios achieved in 2018 a monthly average of 64 thousand users and 434 thousand visits. Radio Comercial's app was the most visited, with 273 thousand a month.

All MCR's radios were very active on social networks. Radio Comercial stands out with over 2.1 million followers on Facebook, more than 598 thousand on Instagram and over 331 thousand youtube subscribers.



Others





INTRODUCTION

This segment includes Digital, as well as the holding and shared services.

ACTIVITY EVOLUTION IN 2018

Despite the strong competitive environment, MCD managed to continue to improve the quality and audiences of its network of sites, with positive impact on several KPI's. In fact, in 2017, pageviews increased 31% while video impressions grew 81% (with a particularly strong contribution from TVI Player).

Advertising revenues were up 19% YoY, whereas other revenues registered a 1% growth.

The EBITDA of the segment improved from € 0.4 million in 2017 to € 0.7 million.

MEDIA CAPITAL DIGITAL (MCD)

- 8 million followers on social networks
- 3 million monthly users
- 391 monthly visits and 1.569 million pageviews
- 6 million MCD apps downloads



FB – 5.460.000 followers



Instagram – 760.000 followers



Twitter – 455.000 followers



Youtube – 1315.000 followers

In 2018, there was an increase of 19% in visits, pageviews 29% and 51% of videos viewed, compared to 2017. Of particular note is the reduction in distance from online information, sports and automotive projects to the most direct competition, and the maintenance of leadership, in traffic, in interactions and engagement in social networks, comparing with the group's competitors in the area of television.

MCD reinforced its position in the media digital arena along the year, and consolidated its position among its audience, reaching almost 3 million monthly users and registers over 30 million monthly visits on its network of sites.



In the 3rd Edition of the Blogs do Ano awards (Blogs of the Year), attributed by Grupo Media Capital, it is worth highlighting the expansion of categories and new themes, with more expression in the video, including Video of the Year Award and more categories in the VLOGS area. The event was marked by the reinforcement of LG brand support as well as an even greater integration with Cidade,

a Radio of Media Capital Group, giving on air space to the nominees, as it happened in online and TV in SELFIE.

TV

Keeping a clear advantage against its most direct competitors, TVI's websites achieved in 2018 a market share of over 50%, maintaining leadership for the 5th consecutive year. This is a result, among others, of faster mobile and apps downloads (mostly on TVI Player) and improvements in content distribution to other platforms, such as Instant Articles or Google Amp pages, where content query enhancements have been implemented - from photo galleries to videos.

After having entered the TOP3 in November and extended the distance to the most direct competitors, TVI's website maintained this result also at the end of the year, with SIC reaching 1.4 million users and RTP close to 1 million.

This reinforcement of the public's preference, now reflected in TVI's position as vice-leader in digital, proves Media Capital's good bet on digital, in a year where its drama and entertainment contents were reinforced with programs such as "A Herdeira", "Valor da Vida", "A Teia" ou "Onde está Elisa?".

Also, Wonderland event contributed in a remarkable way to this result, with its own website, where every day visitors could revisit the space.

TVI's results online were strongly impacted by the performance of news programming, either through the website www.tvi24.pt, or through news and reports that permanently feed its video platform on-demand, TVI Player.

STRATEGIC AXES

Contents

- Reinforcement a partnership Media Capital / The Weather Channel – Media Capital assures project management regarding website, social networks and appmobile contents, as well as the commercialization in national territory; in addition, all the information in antenna is obtained through this website, that is the service of reference in the world, from the temperatures to the indexes of UV, to the pollen, tides, etc.
- New internal solutions of digital video, especially useful in live simultaneous broadcasts, which allowed for a more diversified offer and greater mixing of contents among TVI / TVI24.
- Increased native video production for social networks and more exclusive in digital, much in a format of greater proximity, intimacy and realism, seeking to bring backstage and celebrities to viewers / Internet users.



The fight against pirate contents continued in 2017, having MCD worked closely with specialized operators, resulting in a clear advance in what regards the combat against the abuse of redistributed content without licensing. Besides, efforts were made, side by side with other operators, to raise the awareness against piracy among the population and to increase protocols with technological companies in order to accelerate the process of identification and punishment of illegal websites.

Participation

In 2018 MCD used some online monitoring tools, both for detection of important subjects researched by users, and for evaluation of reaction in social networks to what was shared by MCD's sites. This analysis is divided into segments, from channels, to programs or faces. An analysis is made by the main indicators: Engagement, reach, ratio of interactions, number of followers, etc. Based on these data, MDC aimed at having the best performance when in contact with its followers, either through better content that generate more participation, more promotion of TV programs and retention or increased audience. On the other hand, there has been a minute-by-minute monitoring of the content in certain programs, in order to amplify the second screen viewing experience, complementing with images, text and video what is happening in the social network of the program.

Followers feedback is read and a daily and weekly analysis is made and shared internally by various areas in order to improve the activity of page management.

Context

MCD's bet on online payments matured and was integrated in all of the Group's digital solutions, along 2018.

Data

The commitment to personalization and compliance with the general data protection regulation continues, with what regard user information. The goal is to gain a better knowledge of consumers and to be able to structure the data in order to support the editorial decision to create or improve products.

Nónio project in this field consisted of receiving summary data of sociodemographic profiles of users for more adequate delivery of advertising and according to the context or content that is being consumed.

REVENUES

Commercial offer integrating TV and digital was amplified in terms of advertising space and branded content. Assuming with the digital market a rigorous positioning, fulfilling the requirements of brand safety, viewability and human audience in a context of professional content. Currently, MCD's network of sites combines campaign coverage and frequency with effectiveness, taking advantage of the strong video offering, the huge network of channels in social networks, faces with strong presence and influence and, last but not least, commercial creativity, providing each situation with tailor-made solutions. Multiscreen solutions were also consolidated.

B2B

IOL Negócios was on the frontline of this area in 2018, a year where a reorganization of the offer was carried out, expanding the number of digital marketing services far beyond the creation of websites. Today, IOL Negócios is more than the creator of the online presence, being in the strategic and supporting the business in its digital extension, from the website to the presence in the social networks, from content marketing to mobile payments, to search, to SEO, among others. With over 115 activity sectors represented in its client portfolio, transformation occurred by reinforcing technologic solutions and by using a strategy of differentiation, through the services provided to its clients.

PROJECTS IN 2018

During 2018, and in addition to those already mentioned, MCD launched various initiatives, including the following highlights:

Maisfutebol

- New mobile app, with more video and interactivity, following **MAISFUTEBOL** every step of the football matches
- Partnership with Sportinveste, to supply MCD videos of the Portuguese Football League
- Redesign of the daily newsletter
- Expansion of content marketing proximity strategy on Instagram and Youtube

Local Drama

- Availability of the digital native product "Novel in a Minute" as an offer to followers, but also as a commercial integration solution for brands
- Presentation event of the actors and characters of the novela "Valor da Vida" and "A Teia"

Entertainment

- Campaign for digital promotion and communication of "Pesadelo na Cozinha", "MasterChef" and in special "Dança com as Estrelas" formats where, together with the presenters, it was possible to create quizzes, puzzles and hobbies in anticipation of competitors and the content of the programs
- Launch of the website TVI25 Anos, with contents that made the history of TVI

Others

- 2nd edition of the Christmas event Wonderland, with reinforcement of digital activation, content production and branded content for several platforms (social networks, websites and apps), especial through Selfie

Autoportal

- Improved video offering as well as increased distribution through AMP and IA articles

AWARDS AND ACHIEVMENTS IN 2018

February

- New Secret Story 7 app, with artificial intelligence

June

- “Meios e Publicidade” communication awards – SEFIE wins “Prémio Inovação” (Innovation award)

July

- Media Capital Digital wins Google DNI support, for video projects

September

- TVI becomes the first Portuguese brand to achieve 1 million followers on Youtube

INNOVATION AND TECHNOLOGY

Technology plays a major role in modern media groups, and Media Capital tracks this media revolution by allowing users to choose the content they want, wherever and whenever they want.

The L.I.A. (Live Interactive Agent) project consists in the creation of a smart platform aimed at increasing and improving live video on the TVI24 website and app. This project won a funding from the Google DNI fund that recognized its innovative features in the field of digital journalism.

The Nónio Registration Platform is transversal to the 6 main media groups in Portugal - Cofina, Globalmedia, Impresa, Media Capital, Público and Renascença. Involves all players in the advertising market.

In addition to the Nónio project, a considerable investment was made in the interconnection of the single registration of partner sites with the single registration already existing in the IOL network. This process allows a compliance situation with the new RGPD (General Regulation of Data Protection) and, in this way, to respond to the scope of the Nónio project but, in parallel, allows Media Capital to also be able to provide its own content and marketing needs with its user database.

The app Mais Futebol registered a even greater expression, with a considerable increase audience which justified changes both from the point of view of the infrastructure, and from the point of view of usability, with bets and game monitoring the minute, as well as more video production. It is now a reference in the Portuguese market for sports media apps today.

The Onlive project has implemented the ability to publish live video on various MCD sites, in addition to streaming the group's linear channels. The tool made it possible to take advantage of the signal available from various sources and use it to transmit numerous live events in the various sites, Facebook and Youtube.



Social Responsibility

PRINCIPLES AND VALUES

In 2018, Grupo Media Capital kept its strong commitment in supporting projects towards the sustained development of the community it integrates.

The Group aims to promote gender equality in all companies, whether in management bodies or other positions.

Aware of its impact on Portuguese society and benefiting from its media companies' vast audiences, Grupo Media Capital aims to contribute towards an increased awareness of the Portuguese regarding specific social causes, thus contributing not only in terms of fundraising but also in increasing the credibility and visibility of selected social projects.

PROJECTS

Grupo Media Capital has been developing, implementing and supporting different projects and initiatives within the scope of its Social Responsibility Policies:

- Solidarity and social support projects
- Promotion of culture, art, education and valuation of patrimony
- Promotion of employee's volunteer support to social causes

Additionally, to the use of advertising space with special commercial conditions, Media Capital Group often has a very active role in helping the solidarity and social projects, by promoting the participation of popular personalities known to the public in the events, through editorial contents on the themes or simply by using its resources to help raising funds.

Assuming its role in the promotion of Portuguese talents and arts, Media Capital uses Meeting Point - an area of encounter, debate, training and cultural exhibition, directed and opened to all collaborators, partners and other entities that wish to use it as a meeting place to exhibit art works from students of the Lisbon College of Fine Arts.

Aware of the importance of its role in the preservation of the environment and through awareness of the urgent need to change habits regarding environmental protection, the Group implemented in 2018 the Project #JuntosPeloAmbiente through which the Group seeks to reduce its environmental footprint through the implementation of concrete measures, namely in what concerns the use of paper (recycling and reducing paper consumption) and plastic (adoption of the widespread use of reusable bottles), waste separation and energy savings.

Post-Graduation

The sixth edition of the Post-Graduation in Journalism, developed by Media Capital in partnership with ISCTE, one of the main business schools in Portugal, initiated in 2018. This course was inspired by the “Escuela de Periodismo” de El País and aims to prepare the journalists for the future and the challenges the profession faces.

The course, based on the concept of network journalism, is based on a logic of innovative teaching, which includes the creation of a permanent newsroom during the school term, classes with the participation of journalists and professionals from Media Capital Group together with ISCTE-IUL, seminars with experts in journalism and national and foreign opinion leaders, as well as curricular internships at Grupo Media Capital.

Coordination is assured by José Alberto Carvalho (TVI) and Gustavo Cardoso (ISCTE-IUL).

Solidarity, Projects and News

As a leading, benchmark TV station, TVI continues methodically and systematically to pay particular attention to its social responsibility policy, working for society by developing and collaborating on social/charitable projects with partners, clients and staff members, and at the same time providing information on social and humanitarian problems, to contribute to a better understanding of these situations, approaching this both through its news or entertainment programming, or advertising, as well as through various initiatives that run throughout the year.

Regarding news, TVI is maintaining its investment into in-depth and serious journalism that goes beyond fact-reporting, providing context, analysis and insights into current social problems, with work recognised in Portugal and abroad for its merit.

During 2018, TVI joined several initiatives aimed at raising funds for various causes:

Natal a Meias – TVI joined Calzedonia in this project, aiming to support the Portuguese firefighters through the acquisition of three ambulances, twenty defibrillators and over three hundred firefighter uniforms.

With “Apanha se Puderem”, TVI raised funds for several institutions:

Soc Portuguesa Esclerose Multipla, Centro Solidariedade e Cultura de Peniche, De mãos dadas, Samvipaz, Mãe de Deus, Centro Social Paroquial de Barcarena, Novo Futuro, Abrigo Seguro, Associação Portuguesa Síndrome do X Frágil, Cerci Espinho, Coração Amarelo, Centro Jovem Tabor, Associação Alzheimer de Portugal, Terra dos Sonhos, Caritas Portuguesa, XXS - Bebés Prematuros, Amigos da Rua, NOS, Centro Social da Musgueira, Animais de Rua, ACAPO, FAMSER, ARASS, Kausa Animal, Carmoteca, Refúgio Animais Angels, Fundação S Francisco Assis Cascais, Mão Amiga, Associação Portuguesa Paralisia Cerebral, AFSO, Associação Arco Iris, Associação Cães Abandonados, Associação Solar do Mimo, Associação Amiama.

Also along the year, booth TVI and MCR contributed pro bono to the communication campaigns of several institutions: Liga Portuguesa contra o Cancro, Ministério da Administração Interna – Prevenção de Incêndios, APAV, Direção Geral de Saúde – Juntos contra o Açúcar, Cáritas, Corrida Terry Fox, Fundação Portuguesa de Cardiologia, Banco Alimentar, Proteção Civil – Aldeia Segura (incêndios), Direção Geral de Saúde – Tabaco, UNICEF, Associação Novo Futuro, Operação Nariz Vermelho, Secretaria de Estado da Igualdade - Campanha Nacional de Combate à Violência contra as Mulheres.

Promotion of culture, art, education and heritage

Media Capital Group has supported some of the most important institutions and initiatives held in Portugal as a sponsor or through its subsidiary companies, above all helping with publicity among the general public.

- Maintaining its strong tradition in Portuguese language, and defending national culture and values, TVI assured more than 90% of its broadcast in Portuguese.
- As part of its Public Service agreement, signed in September 2003 between the Government, RTP, SIC and TVI, TVI again met its obligations in 2018, specifically in what concerns programming supported by sign language and/or audio description, and programming in Portuguese with additional subtitling.
- Upon payment of the required legal view rate, TVI has contributed financially to the public policies for the promotion of cinema and audiovisual.
- TVI also fulfilled its obligation to invest in national independent creative works, such as the financing of the production of the series "Inspector MAX" and the Portuguese movie "Quero-te Tanto".
- Also, in 2018 TVI once again contributed to the promotion of Portuguese independent film production, by providing communication space for Instituto do Cinema e Audiovisual (the Audiovisual and Cinema Institute) promoting cinematic works, such as "Soldado Milhões" and "Aparição".
- With productions in various regions of mainland Portugal and the islands, and tackling issues that represent social minorities, Plural continues to give a huge contribution to the promotion of culture, encouraging a greater understanding of the country and local populations.
- Maintaining its strategy in targeting the Portuguese spoken markets, some of the most recent productions of Plural (broadcasted by TVI) have been recorded on those countries, creating plots that merge these cultures with the Portuguese one, with excellent results on both sides and, thus, allowing for viewers on those countries a greater knowledge of the Portuguese culture.
- TVI strongly committed in the promotion of numerous traditional and significant events around the country, registering high acceptance levels by its viewers. Broadcasted live every Sunday

afternoon, “Somos Portugal” gives voice to numerous regions north to south, promoting local gastronomy, music, culture, traditions, architecture, among others.

- Training and educational components are also referred to in novelas and series produced by Plural and transmitted by TVI, registering good acceptance levels from its audiences and focusing on relevant, actual and useful matters to the Portuguese society.
- Regarding the promotion of art and culture, Media Capital Group holds as special statute as a founder patron of Fundação de Serralves, maintaining an annual contribution of € 15.000 destined to the cultural promotion of the foundation. Media Capital’s contribution translates into a credit in advertising services of its media organs.
- Under the protocol celebrated with Teatro da Trindade / Fundação Inatel, Media Capital promotes the cultural initiatives of Teatro da Trindade, thus contributing to the artistic and cultural development in Portugal, especially in what concerns theatre.
- In the field of health education, Media Capital developed a protocol with Direção Geral da Saúde (General Direction of Health), supporting campaigns that promote a healthy lifestyle, in the field of eating habits, physical activity and raising awareness for the negative effects of tobacco consumption.
- Also in 2018, Media Capital and Fundação Casa da Música strengthened their collaboration, in order to improve each one’s cultural mission.

VOLUNTARY INITIATIVES WITHIN THE GROUP

Every year, the Media Capital Group promotes internal blood and bone marrow donation campaigns, always with extremely positive results in terms of employee participation.

Along the year, supporting initiatives to other entities promoted and strengthened the charitable, giving spirit within Grupo Media Capital, strengthening its commitment to the community.

GOOD PRACTICES

More than limiting itself to the strict fulfilment of the existing regulation applicable to the media activities in Portugal, the Grupo Media Capital has been proactively promoting the adoption of the best international practices in the sector.

In 2016 Media Capital joined the Forum IGEN - Business Forum for Equality. The agreement was signed in December 2016 to take effect in 2017 and was renewed again to 2019. The institutional presence of the GMC in this Forum and in the respective initiatives, expresses the Group's strategic

orientation towards promoting gender equality in all companies. Hence, some measures were implemented in Media Capital, of which we highlight:

- Recruitment and Selection - Ensuring non-discrimination of gender or race in recruitment processes;
- Disclose parental leave shared by the father - reconciliation of professional and personal life, promoting equal opportunities for men and women;
- Implementation of the day for gender equality - equal employment opportunities for men and women;
- Implementation of teleworking - equal professional opportunities for men and women - reconciling professional and personal life;
- Ensure no pay gap between men and women - equal pay for gender;
- Ensure access conditions in the Company's facilities for people with motor difficulty.

Within a context of social responsibility and protection of underage children and sensitive targets, TVI has maintained and improved, from an internal point of view, a common programme age rating policy, defined for the three TV free-to-air channels, facilitating in this way, for most of its viewers, the communication of the programming viewing restrictions.

During 2018, Grupo Media Capital participated in the definition of government, legislative and regulatory policies and measures that impact its sector of activity, namely through its contribution to public positions and responding to public consultations triggered by regulators and the government itself.

The respect towards the industry legislation and constant improvement of the respective accomplishment levels, as well as a good relationship attitude with the regulators have been a characteristic sign of TVI's performance in the market, fairly recognized by those authorities and, in general, by other operators in the same market.

TVI

Public Service Protocol

In September 2003, the Portuguese Government, the Public Service Broadcaster (RTP) and the two Private Televisions (SIC and TVI) signed a Public Service Protocol in order to ensure the implementation of certain public service obligations applied to the private channels, such as:

- i. Advertising support to the projects from the "Instituto do Cinema e Audiovisual";
- ii. Providing minimum investments in independent production;
- iii. Transmitting adaptations of Portuguese literary fiction;
- iv. Transmitting cultural programs targeted to minorities;
- v. Using sign language and subtitles for the hearing impaired.

The three channels committed to send bimonthly reports to the participants, who will be reviewed twice a year by an independent and credible person, appointed by the government.

Programme age rating policy

Within a context of Social Responsibility and minor and sensitive targets protection, TVI initiated in October 2005 its own Age Rating Policy Programme with 5 age limits combined with parental advice. Programme rating is defined by an internal multi-disciplinary Commission, based on the objective analysis of eight different criteria.

All of TVI's programs, with the exception of news programs, are internally classified and have an on-screen indication about the recommended age groups. News programs are preceded by a warning directed at parents and other adults responsible for the education of children about the possibility of contents of a violent nature.

Based on this experience, acknowledged as positive by the main television players, this self-regulatory project was reinforced through the signature, in September 2006, of an agreement between the three generalist Portuguese TV stations (TVI, RTP and SIC) which provided a common programme age rating policy for the three channels. This policy is very similar to TVI's, and defines 4 age brackets, based on the analysis of the abovementioned 8 criteria. TVI has maintained and improved, from an internal point of view, a common programme age rating policy, defined for the three operators, facilitating in this way the perception of the programming restrictions for the majority of viewers.

Editorial Statute

This document states the mission of TVI, defining it as an independent media company, with the purpose of informing, and providing entertainment for all genres and ages, guided by the highest quality standards. It also states the deep links with Portuguese culture, notwithstanding its aim of contributing towards a mutual multicultural understanding of the world. From a humanist perspective, it strives for freedom, solidarity and peace, whilst valuing above all honesty, fairness and respect towards the viewer.

Television Law

According to the Portuguese Television Law (in compliance with EC Directives), TVI is obliged to broadcast minimum time percentages of European production, European independent production, Portuguese language and original Portuguese language programs. These obligations are now controlled by the independent Regulatory Body ERC (Entidade Reguladora da Comunicação Social). TVI has accomplished all its obligations so far, namely due to its bet on national drama and to the procurement of national independent producers.

Self-regulation

Aside from the age classification already referred to, TVI has been an active promoter of various initiatives concerning self-regulation of the television sector in Portugal, namely in what concerns commercial audiovisual communication and defence of the spectator. TVI is signatory to various instruments of this type, such as the self-regulation agreement in product placement and support to promotion and/or prizes celebrated on February 6, 2009, the agreement on emission signage and the agreement regarding IVR, dated from 2014 and altered in 2015. TVI had a relevant role in the promotion or configuration many of these initiatives.

During 2016 a self-regulatory agreement on the definition of significant commercial value was made, in order to distinguish among support to production and product placement. This agreement was ratified by ERC on September 6th, 2016 and was subscribed by 14 entities representing the majority of the television program services under the Portuguese law.

MCR

Editorial Statute

Programming is based on open, regular and participative meetings between the programme director and its staff. Journalistic independence and editorial statutes are defined in the Journalist Statute, regulated by law. Furthermore, an internal regulation defines further aspects such as incompatibility with other functions, conflicts of interest, respect, privacy and dignity towards the persons interviewed and information sources.

Radio Law

The Portuguese radio market is regulated by law, which imposes rules regarding the attribution of broadcasting frequencies and the type of content broadcasted (local content for local radios), amount of Portuguese music and restricts the amount of minutes of advertising. These obligations are followed by MCR and controlled by the Media Regulator (ERC).

DIALOGUE WITH STAKEHOLDERS

It is a constant concern of Media Capital Group companies to ensure regular contact with stakeholders, from shareholders to final consumers. In this sense, contacts are specialised and directed by target, according to the business area of each company and the Group.

In accordance with good practices of corporate governance observed in Grupo Media Capital and by inherence of the application of the SOX process implemented by Grupo Prisa, Media Capital has a conduct code that is mandatory and applies to all employees.

It is also available a whistle blowing channel, allowing any public or private entity related to the Group to directly and confidentially transmit to auditing committees any miss practice or irregularity that might have occurred within the Group. Both the conduct code and the whistle blowing channel were widely communicated to all employees and were made available in Media Capital's website.

Communication with shareholders and investors is permanently ensured, within legal parameters, through the corporate site and the CMVM site.

Meeting Point

Keeping with its commitment to create synergies and take advantage of the best resources available, Media Capital has in its facilities a space for sharing knowledge, training, culture and social interaction among all employees.

Located in Queluz, Meeting Point is an area of encounter, debate, training and cultural exhibition, directed and opened to all employees, partners and other entities that wish to use it as a meeting place. It is composed by a large auditorium, meeting and training rooms, as well as a supporting structure.

Since its opening in 2014, several team meetings, meetings with Group's partners, film screenings, vacation programmes for employees' children, in-house training and various moments of socialization have already occurred in the various Meeting Point spaces.

Intranet

During 2012, Media Capital implemented and launched its intranet, a portal aiming at improving communication between the company and the workers and, also, among all of Media Capital's collaborators, while promoting a better Group culture and the information regarding each business unit.

Since then, Media Capital's intranet launched a yearly average of over 800 news - from information on new projects, announcements from the Group companies, audiences, programming highlights of the various media, hobbies, raffles, leisure suggestions, solidarity initiatives, awards and nominations, among others - and registered over 2200 posts in 2018.

The group's intranet has been registering good acceptance levels since its launch, being a reference daily source of information. It is also a fundamental contact point between workers and the Human Resources Department, as a privileged, complete and dynamic interface for any exchange of communication and information with the department, from practical information related to the contractual relationship of the employee, to training actions, benefits, information on legislation and internal procedures.

Throughout 2018, useful information was provided from health insurance procedures, professional training offer, protocols or operational tools in various areas.

Public

Regarding final consumers – listeners, viewers and users – Group companies essentially use telephone and online channels. In 2018, TVI received a total of 6.854 telephone contacts and 1.529 e-mail messages, containing compliments, suggestions and some critics.

Telephone

TVI has a call service integrated in its external relations department, available from 7:30 to 00:00, for receiving comments, suggestions and complaints from the audience. MCR also has a permanent call service, available all day, which is also used for participation of listeners in the radios' programs (in addition to the objectives specified for TVI).

Online

Regular newsletters and brand sites seek to inform, promote and encourage interaction with target audiences.

Together with media agencies, online channels – especially the Media Capital Group site – constitute a privileged means of contact for divulgation of information regarding new product launches and programme schedules (for TVI and radio stations), as well as corporate information.

Other

Visits to premises and organisation of meetings for communication of relevant information are other models used in contact with the media.

Daily information is provided to Media Capital Group advertisers – mainly in the case of TVI, but this daily contact extends to all business units –, as well as regular feedback on their campaigns, by telephone, e-mail or in person.

Relations with the community, Institutions or Associations

The Grupo Media Capital's Companies are actively involved with the main entities that represent and regulate the market, thus guaranteeing a close and regular participation in all their activities and in the most relevant decision processes that impact the media sector.

PROMOTION OF HUMANITARIAN PRINCIPLES

- In Grupo Media Capital there is a strict non-discrimination policy and a guarantee of equitable social and work conditions in connection with human resources admissions. Selection criteria are based exclusively on personal merit.
- Promotions follow internal norms and policies and are based on participation and merit, taking into consideration a structured and transparent performance management model.
- The Grupo Media Capital's companies strictly comply with the laws and regulations regarding privacy and confidentiality, namely concerning security issues such as monitored areas.
- In TVI there are detailed guidelines on respect for Human Dignity and privacy on news programs, according to the principles established by the Editorial Statutes and Programmatic Bases of the Common Platform of News Contents of the Media.
- The internal rules in this field are equally applied throughout the group in the selection of subcontractors or suppliers.



Legal Provisions

LEGAL PROVISIONS

Own Shares

In accordance with Articles 66.º and 324.º of the Portuguese Companies Code, please be informed that during 2018 there were no acquisitions or sales of own shares, and hence on 31 December 2018 the Company held no own shares.

List of Qualified Holdings (as of 31 December 2018)

For the terms and effects of paragraph e) of No. 1 of Article 8.º of CMVM's Regulation 5/2008, please find below the list of qualified holdings as of 31 December 2018:

Shareholder	Nº of owned shares	Percentage of share capital	Percentage of voting rights
Vertex SGPS, S.A. (a)	80.027.607	94.69%	94.69%
ABANCA Corporacion Bancaria, SA (b)	4.269.869	5,05%	5,05%

a) Vertex SGPS, SA is 100% owned by Promotora de Informaciones, S.A., company under Spanish law.

b) Previously owned by ABANCA Corporación Bancaria, S.A. (formerly known as NCG Banco SA), as informed to the market on December 22, 2015.

Securities issued by the company and held by members of the corporate bodies

In the terms and for the effects of Article 447.º of the Portuguese Companies Code, we hereby inform you of the shares held by the members of the Corporate Bodies of the Company, as of 31 December 2018.

Members of the Board of Directors

	Shares	Nº os shares 31-12-18	Transactions in 2018			
			Acquisitions	Alienations	Unit price (€)	Date
Miguel Pais do Amaral		55.683*				
Rosa Cullell		0				
Agnés Noguera Borel		0				
António Pires de Lima		0				
Manuel Mirat		0				
Manuel Polanco		0				
Maria del Pilar del Rio		0				

*For the purposes of article 447° n.2 (d) of the Commercial Companies Code, the shares owned by the company AHS Investimentos, SGPS, SA, which is owned directly by Mr. Miguel Pais do Amaral, a company of which he is also Chairman of the Board of Directors.

Statutory Auditor

Shares	N° of shares 31-12-18	Transactions in 2018			
		Acquisitions	Alienations	Unit price (€)	Date
Deloitte & Associados, SROC, SA	0				

With reference to December 31, 2018, the obligations held or transactions carried out by the members of the Company's management and supervisory bodies are as follows:

Members of the Board of Directors

Shares	N° of shares 31-12-18	Transactions in 2018			
		Acquisitions	Alienations	Unit price (€)	Date
Miguel Pais do Amaral	0				
Rosa Cullell	0				
Agnés Noguera Borel	0				
António Pires de Lima	0				
Manuel Mirat	0				
Manuel Polanco	0				
Maria del Pilar del Rio	0				

Statutory Auditor

Shares	N° of shares 31-12-18	Transactions in 2018			
		Acquisitions	Alienations	Unit price (€)	Date
Deloitte & Associados, SROC, SA	0				

Business of the members of the Board of Directors with the Company

During the year 2018, no authorizations were granted to the members of the Board of Directors to conduct business with the Company.

Corporate Governance Report

Please find in the separate annex the Company's Corporate Governance Report.

Proposal of application of results

The individual net result for the year ended on 31 December 2018, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 19.199.514,05 and the net consolidated result was Euro 21.573.126,41.

The Board of Directors proposes the following:

- a) In accordance with the applicable law and Company's Articles of Association, 5% of the net results to be transferred to Legal Reserves, meaning a total amount of Euro 959.975,70;
- b) The remaining net result to be transferred to Free Reserves.

The net result application proposal is set out to provide Grupo Media Capital with the adequate liquidity considering the current economic environment and technological investment needs.

Declaration of Responsibility

In accordance with article 245.º, no. 1 paragraph c) of the Portuguese Securities Code, the members of the Board of Directors hereby declare that, as to their knowledge, the information contained in the management report has been prepared according to the applicable accounting principles, and give a true and appropriate vision of the assets and liabilities, of the financial status and Company's results and all companies included in the consolidation perimeter. Furthermore, declare that the management report explains the business performances of the Company as well as of all companies included in the consolidation perimeter, and contains a description of its main risks. The main risks and uncertainties the business units face, is express on the Corporate Government Report, annex to the present document.

Acknowledgments

We would like to end this report by thanking all employees who have, be it directly or indirectly, given their contribution to the development of this Group, to our partners and suppliers for their services, to our shareholders for their constant support, to our viewers, listeners and users for their preference along the year and to our advertisers, for the trust placed in us.

The Board of Directors,



Corporate Governance Report

INTRODUCTION

Grupo Media Capital, SGPS, S.A. (hereinafter referred to as “MÉDIA CAPITAL” or “Company”) has prepared this report, fully dedicated to Corporate Governance, as an annex to the 2018 Annual Report, under the terms of articles 70 of the Commercial Companies Code and 245-A of the Portuguese Securities Code, as well as CMVM (Portuguese Securities Market Commission) Regulations 4/2013 on Corporate Governance.

PART I – SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Capital structure (share capital, shares, shares per shareholder, etc) including non-negotiable shares, different categories of shares and the respective right, and equity percentage represented by each category (Art. 245.º-A, n.º 1, al. a)).

Media Capital is a listed company, according to the Portuguese Securities Code, with fully paid-up capital of 89,583,970.80 euros, consisting of 84,513,180 registered nominative shares, with nominal value of 1.06 euros per share. All shares are registered and held in accounts opened with financial intermediaries authorised by the CMVM, which act as custodians and are part of the Centralised Securities System (“*Central de Valores Mobiliários*”) managed by Interbolsa, S.A.

Media Capital shares are traded on the NYSE Euronext Lisbon, a regulated stock exchange. All shares issued are classed in the same category. Media Capital has not issued any special shares or granted any special rights. Accordingly, all shareholders benefit from equal rights.

2. Restrictions concerning the transfer of shares such as consent clauses for their disposal or ownership (Art. 245.º-A, n.º 1, al. b)).

No statutory restrictions exist concerning the transfer and ownership of Media Capital shares.

3. Number of own shares, corresponding equity and percentage of the voting rights (Art. 245.º-A, n.º 1, al. a)).

The Company has not subscribed any own shares; no purchases or sales took place in 2018.

4. Significant agreements involving the Company, which will come into effect, be altered or cease in case of control as a result of a takeover bid, as well as the respective effects, unless its disclosure is prejudicial to the company, with the exception of the society’s obligation to disclosure that same information for legal imperatives (art. 245.º-A, n.º 1, al. j)).

To the knowledge of the Board of Directors, the Company has not signed any significant agreements that will come into effect, be altered or cease to apply in case of a change of control as a result of a takeover bid. Early, non-automatic repayment of loans given to the Group by Portuguese financial

institutions is foreseen in case of a significant change of control, under the usual terms and conditions established by the banking sector.

5. Protective measures, statutory or of any other nature, adopted with a view to setting limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others.

No protective measures, statutory or of any other nature, exist neither have been adopted with a view to setting limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others.

No measures which might have an impact on share transfers or the independent evaluation of the Board of Directors' performance by shareholders, have been adopted.

6. Shareholders' agreement that may include restrictions concerning the transfer of securities of voting rights (art. 245.º-A, n.º 1, al. g)

As at 31 December 2018 and to the Company's and the Board of Directors knowledge, no shareholders' agreements currently in effect include any restrictions concerning the transfer of securities of voting rights.

II. Shareholdings and Bond Holdings

7. List of Shareholders with Qualifying Holdings as at 31 December, 2018

Shareholder	Nr of shares owned	Percentage of share capital	Percentage of voting capital
Vertex SGPS, S.A. (a)	80.027.607	94,69%	94,69%
ABANCA Corporacion Industrial y Empresarial S.L Unipersonal(b)	4.269.869	5,05%	5,05%

(a) Vertex SGPS, S.A. is 100% owned by Promotora de Informaciones, S.A., a company governed by Spanish Law.

(b) Formerly owned by ABANCA Corporacion Bancaria, SA and formerly referred to as NCG Banco, SA, as disclosed to the market on December 22, 2015.

There are no shareholders holding special rights.

8. Information regarding shares held by the members of the Board of Directors and Audit Committee

As at 31 December 2018, the following shares were owned by members of the Board of Directors and Audit Committee:

Members of the Board of Directors

	No. of Shares 31-12-18	Transactions in 2018			
		Purchased	Sold	Unit Price (€)	Date
Miguel Pais do Amaral	55.683*				
Rosa Cullell	0				
Agnés Noguera Borel	0				
António Pires de Lima	0				
Manuel Mirat	0				
Manuel Polanco	0				
Maria del Pilar del Rio	0				

Statutory Auditor

	No. of Shares 31-12-18	Transactions in 2018			
		Purchased	Sold	Unit Price (€)	Date
Deloitte & Asociados, SROC, S.A.	0				

*For the purposes of article 447° n.2 (d) of the Commercial Companies Code, the shares owned by the company AHS Inverimentos, SGPS, SA, which is owned directly by Mr. Miguel Pais do Amaral, a company of which he is also Chairman of the Board of Directors, according to a notice sent to the market on November 3, 2017.

With reference to December 31, 2018, the obligations held, or transactions carried out by the members of the Company's management and supervisory bodies are as follows:

Members of the Board of Directors

	Shares	N° of shares 31-12-18	Transactions in 2018			
			Acquisitions	Alienations	Unit price (€)	Date
Miguel Pais do Amaral		0				
Rosa Cullell		0				
Agnés Noguera Borel		0				
António Pires de Lima		0				
Manuel Mirat		0				
Manuel Polanco		0				
Maria del Pilar del Rio		0				

Statutory Auditor

	Shares	N° of shares 31-12-18	Transactions in 2018			
			Acquisitions	Alienations	Unit price (€)	Date
Deloitte & Asociados, SROC, SA		0				

9. Special powers of the Board of Directors, particularly regarding capital increase deliberations

Under the terms of Memorandum of Association, 2006 version, and following the favourable opinion of the Audit Committee, the Board of Directors is authorised to increase the company's share capital, on one or more occasions, up to a limit of 15,000,000.00. The Board of Directors shall be responsible for establishing the terms and conditions applicable to each capital increase, as well as the corresponding share subscription and deadlines.

Up to 31 December 2018, the Board of Directors had not decided to increase the company's share capital, under the terms defined in the Memorandum of Association.

10. Information regarding business operations and transactions between Media Capital and holders of qualifying shares

The following operations took place under normal market conditions:

- A management service provision agreement was signed with Promotora de Informaciones, S.A., which resulted in revenues of approximately Euro 900.000 in 2018.

According to the information published by Prisa in the Spanish Securities Market Commission (CNMV) in Spain, on June 29, 2018, the conditions applicable to the various contracts aimed at regulating the extension of the refinancing process between PRISA and a syndicate composed of a group of banking and financial institutions, came into force. As from the date of entry into force of these contracts, and on date of the consolidated statement of financial position, taking into account the indirect ownership relationship between Prisa and Media Capital, and as a result of that renegotiation, Media Capital is considered to be a "Restricted company" under those financing agreements. Within the scope of this contractual position, Media Capital does not assume any payment obligations arising from Prisa's financial debt and is subject only to restrictions on the level of transactions that the Group companies may carry out or enter into, in particular, with respect to investments, corporate transactions or additional indebtedness. In this way, any breach of contract by Prisa will not affect Media Capital's assets.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) General Meeting Board

11. Members of the Meeting Board

The current members of the General Meeting Board were elected for 2016-2019 during the General Meeting held on 7 April 2016. As at 31 December 2018, the General Meeting Board consisted of the following members:

CHAIRMAN: Nuno de Deus Vieira Paisana Salvador Pinheiro, Attorney, born in Lisbon, with address at Rua Castilho, n° 59, Lisboa.

VICE-CHAIRMAN: Marta Horta e Costa Leitão Pinto Barbosa, Attorney, born in Lisboa, with address at Rua Castilho, n°. 59, Lisboa.

During the 2012-2015 mandate, the member of the General Meeting Board were Mr. Pedro Canastra de Azevedo Maia (Chairman) and Tiago Antunes da Cunha Ferreira de Lemos (Vice-Chairman).

The members of the General Meeting Board are assisted by the Company Secretary, Mr. Hermes Pato.

b) Exercising of Voting Rights

12. Restrictions on voting rights

Under the terms of the Media Capital Memorandum of Association, each group of 100 (one hundred) shares with nominal value of 1.06 (one euro and six cents) entitles the corresponding holder to 1 (one) vote. Shareholders owing less than 100 (one hundred) shares shall only be allowed to attend and participate in General Meetings if they group the corresponding shares in order to attain the required minimum, in which case they shall designate a representative. Holders of bonds and non-voting shares shall not be allowed to attend or participate in General Meetings.

The company considers that the ability of shareholders to attend and participate in General Meetings has been duly guaranteed, considering the low nominal value of Media Capital shares and the possibility of shareholders forming groups in order to meet voting requirements (as established in article 11 of the Memorandum of Association).

The General Meeting of Shareholders consists of all shareholders able to prove their ownership of at least 100 (one hundred) Media Capital shares, registered in their name and held in an account opened with a financial intermediary, at least five business days before the scheduled date of the meeting. Proof of ownership, which must be presented to the Chairman of the General Meeting Board, shall consist of a declaration issued by the financial intermediary where the latter shall be required to state that the shares in question are held in the corresponding securities account and registered in the shareholder's name, in addition to being required to state that this has been the case for at least five business days before the scheduled date of the meeting.

Article 11 of the Memorandum of Association of Media Capital establishes that shareholders shall be allowed to vote by mail, with no restriction.

The Memorandum of Association of Media Capital does not prohibit the carrying out of General Meetings through videoconferencing, as the Company is able to ensure statement authenticity and communications security. Online voting was not implemented during the 2018 General Meetings,

as the Company considers that all shareholders are effectively able to exercise their voting rights, by all other means available.

The Company has not defined any mechanisms that will lead to imbalances between voting rights and the right to receive dividends or subscribe new securities.

13. Limits concerning the number of votes by a single shareholder

In addition to the aforementioned statutory provisions, the Company has not set any limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others. Moreover, the Memorandum of Association does not establish any upper limit when counting votes cast by a single shareholder. Accordingly, the Company does not consider it necessary to subject the maintenance or elimination of this statutory provision to vote by the General Meeting every five years.

14. Shareholders deliberations

Under the terms of article 15 of the Memorandum of Association, the General Meeting shall be allowed to deliberate upon first call, provided that the number of shareholders present or duly represented hold at least one third of voting rights.

According to the existing applicable legislation, General Meeting decisions shall be approved if voted by the majority. Unless stipulated by law, qualified majorities are not required.

The Memorandum of Association do not provide for a special regime for the amendment of the Company's by-laws so that the provisions of the Companies Code apply.

II. Management and Supervision

a) Composition

15. Model of Governance

Media Capital adopts the Anglo-Saxon model in what concerns its managing and supervisory structure (according to paragraph b) of point 1 of article 278 of the Commercial Companies Code). Accordingly, the Company relies on a managing and supervisory structure consisting of a Board of Directors, an Audit Committee and a Statutory Auditor.

16. Statutory rules on requirements governing the appointment and replacement of Board members, Executive Board of Directors and the General and Supervisory Board

The Board of Directors is appointed and replaced as defined in the Commercial Companies Code. Concerning the appointment of the Board of Directors, any group of shareholders owning more than 10% and less than 20% of the Company's share capital shall be allowed to submit a proposal for the election of a Director, who will act as a minority representative, to the General Meeting, according to points 2 to 5 of Article 392 of the Commercial Companies Code and as defined in article 19 of the Memorandum of Association.

Appointment proposals submitted by the Board of Directors to the General Meeting, as well as the appointment of Directors by the Board, must, according to the Regulations issued by the Board of Directors, be preceded by the corresponding report, issued by the Corporate Governance and Managing Staff Remuneration Committee. If independent Directors are involved, the corresponding appointment must be proposed by the Corporate Governance and Managing Staff Remuneration Committee (composed of non-executive members of the Board of Directors). The Governing Body Appointment and Remuneration Committee is also allowed to submit proposals concerning the appointment of Directors to the General Meeting.

In compliance with the Resolution of the Council of Ministers No. 11-A / 2015, the company committed to the achievement of diversity goals in the composition of its governing bodies, with a female representation in its governing bodies, being therefore considered not only the profiles of the candidates but still requirements of diversity.

Article 19 of the Memorandum of Association foresees the possibility of replacing a Director, according to the applicable legislation, if the latter fails to attend more than 3 (three) meetings of the Board of Directors in a given year without presenting a suitable justification, provided that the Board of Directors confirms the permanent absence of the Director in question. According to the Regulations issued by the Board of Directors, the duties of individual Directors shall cease at the end of the corresponding term or when this is required by the General Meeting, in compliance with the corresponding legal or statutory rights. Directors shall be required to place their positions at the disposal of the Board of Directors and formalise their resignation, if this is deemed convenient by the latter, in the situations specified in the aforementioned Regulations (namely, in case of incompatibility or prohibition defined by law, dismissal due to a serious offence and setting of a date for the corresponding hearing (as defined in the Penal Code), accusation and/or indictment for a crime punishable with imprisonment for longer than 5 years, if the circumstances under which they were appointed have come to an end and, particularly, when an independent Director loses this status). The Board of Directors is not allowed to propose the dismissal of an independent member before the end of the corresponding term, except when justified, following careful consideration by the Board of Directors, based on the opinion of the Corporate Governance and Managing Staff Remuneration Committee.

17. Board members, Executive Board of Directors and the General and Supervisory Board

The Memorandum of Association of Media Capital establishes that the Board of Directors must be composed of 7 (seven) to 11 (eleven) members, elected by the General Meeting every 4 (four) years. Directors can be re-elected one or more times.

The current members of the Board of Directors were elected for 2016-2019 at the General Meeting of Shareholders held on 7 April 2016.

For the current term of 2016/2019, no substitute members have been appointed to the Board of Directors, so that the referred members exercise their functions effectively.

The Board of Directors for 2016-2019 and as at 31 December 2018 is composed of the following members:

	Status	Independence	1st appointment	End of term
<i>President:</i>				
Miguel Pais do Amaral	Non-Executive	Independent	16-03-2011	31-12-2019
Rosa Cullell	Executive		13-07-2011	31-12-2019
Agnés Noguera Borel	Non-Executive	Independent	07-04-2016	31-12-2019
António Pires de Lima	Non-Executive	Independent	07-04-2016	31-12-2019
Manuel Mirat	Non-Executive		19-10-2017	31-12-2019
Manuel Polanco	Non-Executive		15-11-2005	31-12-2019
Maria del Pilar del Rio	Non-Executive	Independent	07-04-2016	31-12-2019

18. Executive and non-executive member of the Board of Directors.

The Board of Directors is composed of one executive member and a group of six non-executive members, in which the Chairman is included. Three Directors qualify as independent, according to CMVM Regulations 4/2013. The Company considers that the required proportion of independent Directors has been reached, considering the governance model adopted and the Company's capital structure and free float.

19. Professional qualifications of Board members.

The professional qualifications, CVs and other relevant information concerning each member of the Board of Directors, are included in an Annex to this Report.

20. Business relationships of Board members with Group companies.

The professional and/or business relationships of Board members with Group companies and holders of qualifying shares representing over 2% of voting rights, are included in an Annex to this Report.

21. Delegation of Powers.

Concerning delegation of powers, the Board of Directors approved the maintenance of the delegation of daily company management on Rosa Maria Cullell Muniesa, on 7 April 2016, under the terms of article 22 of the Memorandum of Association and the Regulations issued by the Board of Directors.

The powers delegated on the Chief Executive Officer by the Board of Directors are those allowed by law and established in compliance with the Operating Regulations approved by the Board of Directors. Accordingly, such powers include daily company management, namely the following: (i) signature, introduction of changes to and cancellation of service provision, licensing, cooperation, mandate, exchange, rent, leasing, factoring and franchising agreements, as well as lending and/or mutual agreements concerning any rights, services, products or movable property, subject or not

to registration, and real estate renting or subletting agreements, limited to the amount of 4,000,000.00 (four million) euros; (ii) acceptance or refusal of guarantees provided by third parties; (iii) ensuring debt recovery; (iv) issuing of invoices and signature of receipts; (v) exercising of regulatory, governing and disciplinary powers concerning employees; (vi) signature of correspondence and general routine documents; (vii) representing the Company before public and private institutions; (viii) declaration and payment of taxes, fees and contributions; and (ix) representing the Company in or out of court, actively or passively, with powers to present proposals, monitor proceedings, confess, withdraw, appeal or reach agreements in any kind of lawsuits and proceedings.

Under the terms of article 5 of the Regulations issued by the Board of Directors, the powers delegated on the CEO do not include the following: (i) definition of Company strategies and general policies; (ii) definition of the Group's business structure; (iii) reaching strategic decisions for which the Board of Directors as a whole should be responsible, owing to the amounts, risks or special characteristics involved.

Under the terms of article 407 of the Commercial Companies Code, the Board of Directors holds the ultimate authority to decide on delegated matters, albeit having delegated some of its powers on the CEO. In fact, the Board of Directors officially approves all actions undertaken by the CEO, as a standard practice.

Regarding its organisation, the Media Capital Group is divided into business areas, which correspond to the media markets in which it operates – Television, Audiovisual Production, Radio – and Other, which includes Music, Digital, the holding and shared services.

As the Group's holding, Grupo Média Capital, SGPS, S.A. is responsible for its strategic development, namely regarding its expansion process, and global management of all business areas, playing a leading role in the decision-making process.

Media Capital maintains a Strategic Committee, including the managers of all businesses. The Strategic Committee meets weekly, to support the CEO's strategic decisions. Media Capital also maintains a Business Committee that meets periodically and a Purchasing Committee that analyses the outsourcing of products and services to the group.

Each business area is managed independently, according to criteria and guidelines defined according to the annual budgets set for each area, which are reviewed and approved by area managers and the Board of Directors on an annual basis. Strategic, business and investment guidelines concerning the various business areas are defined during these reviews, in a participative and interactive manner. Operations and budget spending are continuously monitored by a management control system implemented by the holding.

In order to ensure the correct undertaking of its business, the Media Capital Group has created a series of operational structures, in the Company itself and its subsidiaries, which are grouped under Media Capital – Serviços de Consultoria e Gestão, S.A. (a company 100% held by Media Capital). These structures not only aim to provide the holding with suitable tools to support operational decisions, but also to provide management and consulting services to the entire Group and the corresponding business areas, concerning administrative and financial issues, as well as matters

related to human resources, planning and control, purchases, general services and information systems.

b) Operation

22. Regulations on the operations of the Board of Directors.

The Board of Directors approved a series of Regulations on 12 March 2009, which were amended as a result of a decision reached by the Board of Directors on 11 February 2010 and, lately, on 14 July 2014. These Regulations are available on the company website (<https://www.mediacapital.pt/en/p/601/bylaws-and-regulations/>).

23. Number of Meetings

The Board of Directors of the Media Capital Group met on six occasions during 2018. All members attended or were represented at all meetings, thus ensuring effective Group management. One unanimous decision was adopted, in writing.

In 2018, the CEO of Media Capital provided all information required by the remaining members of the Board of Directors or the Supervisory Board, in a timely manner.

24. Bodies responsible for the evaluation of the performance of executive Directors

The Board of Directors includes six non-executive members, in order to ensure the effective monitoring and evaluation of the activities undertaken by the remaining members.

The performance of the executive Director is evaluated by the Governing Body Appointment and Remuneration Committee, which sets performance evaluation criteria on an annual basis.

25. Pre-determined criteria for the evaluation of the performance of executive Directors.

The performance of executive Director is evaluated based on defined criteria, using a professional performance formula defined by the Remuneration and Nomination Committee on an annual basis. The Committee establishes maximum values for the variable remuneration and the circumstances under which that value might be applied. These values are established taking into consideration the Company's annual performance.

26. Availability of the Executive Directors

The CEO works for the Company and the Media Capital Group on a full-time basis. The remaining members of the Board of Directors, all of them non-executive Directors, work for the group on a part-time basis, at the companies mentioned in an Annex to this Report.

c) Governing and Supervisory Committees

27. Committees created by the Board of Directors, the General Supervisory Board and the Executive Board of Directors

The Corporate Governance and Managing Staff Remuneration Committee was created and appointed by the Board of Directors, as outlined in article 23 of the Memorandum of Association.

The Corporate Governance and Managing Staff Remuneration Committee is governed by the Regulations issued by the Board of Directors and was created as a result of a decision reached by the Board of Directors on 12 March 2009 (replacing the Directors' Appointment and Remuneration Committee).

28. Members of the Executive Commission and the CEO

The Company has not created an Executive Committee, having chosen to delegate executive management powers on Rosa Maria Cullell Muniesa, under the terms of article 22 of the Memorandum of Association and the Regulations issued by the Board of Directors, as described in greater detail above.

29. Competences and activities developed by the Corporate Governance and managing Staff Remuneration Committee

The Corporate Governance and Managing Staff Remuneration Committee has the following responsibilities: (i) to provide information on proposals concerning the appointment of Directors and to propose the appointment of independent Directors; (ii) to provide information on proposals concerning the appointment of the Board Secretary; (iii) to submit proposals concerning the general remuneration policy applicable to managing and executive staff, as well as the remaining employment contract conditions, to the Board of Directors; (iv) to ensure compliance with the remuneration policy established by the company; (v) to provide information on proposals concerning the appointment of members of other Committees of the Board of Directors; (vi) to present draft Annual Corporate Governance Reports to the Board of Directors; (vii) to present evaluation reports on the composition and activities of the Board of Directors to the latter; and (viii) to monitor compliance with internal Regulations.

The Corporate Governance and Managing Staff Remuneration Committee will meet whenever the Board of Directors, its Chairman or the Chief Executive Officer requests the issuing of a report or the approval of proposals within the scope of its competences, or whenever this is deemed convenient by its members, for the correct performing of its duties.

The Corporate Governance and Managing Staff Remuneration Committee is composed of three to five non-executive members of the Board of Directors. Its composition, for the mandate 2016-2019, in December 31, 2018 is as follows:

	Status	Independence	Date of 1st appointment	End of term
Agnés Noguera Borel	Non-Executive	Independent	07-04-2016	31-12-2019
Manuel Polanco	Non-Executive		15-11-2005	31-12-2019
Manuel Mirat	Non-Executive		19-10-2017	31-12-2019

During 2018, the Committee adopted one unanimous deliberation on the remuneration of the directors and executive staff and about the sustainability report.

III. SUPERVISION

a) Composition

30. Identification of the supervisory structure

Media Capital adopts the Anglo-Saxon model in what concerns its managing and supervisory structure. Accordingly, the latter comprises a Board of Directors, an Audit Committee and a Statutory Auditor. The Audit Committee is responsible for supervising company business, together with the Statutory Auditor.

31. Structure of the Audit Committee and the Supervisory Board

The Audit Committee is composed of non-executive members of the Board of Directors, most of whom qualify as independent, under the terms and for the purposes of article 414 of the Commercial Companies Code, applicable according to article 423-B of the Commercial Companies Code. All members are required to observe the regulations defined in article 414-A of the Commercial Companies Code. The Audit Committee is composed of three to five members of the Board of Directors.

32. Members of the Audit Committee

Audit Committee members for 2016-2019 were appointed jointly with the remaining members of the Board of Directors, during the Annual General Meeting of Media Capital, held on 7 April 2016.

As at 31 December 2018, the Audit Committee was composed of the following members of the Board of Directors:

	Status	Independence	Date of 1st appointment	End of term
<i>President:</i> António Pires de Lima	Non Executive	Independent	07-04-2016	31-12-2019
Agnés Noguera Borel	Non Executive	Independent	07-04-2016	31-12-2019
Manuel Mirat	Non Executive		19-10-2017	31-12-2019

33. Qualifications of the members of the Audit Committee and the Supervisory Board

The professional qualifications, CVs and other relevant information concerning each member of the Audit Committee are included in an Annex to this Report.

b) Operation

34. Availability of the regulations

The Board of Directors approved a series of Regulations on 12 March 2009, which were amended as a result of a decision reached by the Board of Directors on 11 February 2010 and, latter, on July 14, 2014. These Regulations, which are available on the company website

(<https://www.mediacapital.pt/en/p/601/bylaws-and-regulations/>), also apply to the Audit Committee, as the latter is formed by members of the Board of Directors.

35. Meetings and attendance of the Audit Committee and the Supervisory Board

Under the terms of the Commercial Companies Code, the Audit Committee participated in all meetings of the Board of Directors. The Audit Committee met on six occasions in 2018 to discuss issues related to its duties; all members attended or were represented at all meetings. One unanimous decision was adopted, in writing.

36. Availability of the Members of the Audit Committee, the Supervisory Board, the General Board or the Financial Matters Committee

The members of the Audit Committee are non-Executive members of the Company, hence developing their functions on a part-time basis, working in other companies outside Grupo Media Capital, as mentioned in an Annex to this Report.

c) Competences and duties

37. Procedures and criteria applicable to the intervention of the Audit Committee with the external auditor

The Audit Committee represents the Company before the statutory auditor. The Audit Committee is also responsible for the monitoring of independence, in particular as regards the provision of additional services.

In addition to the auditing services provided by the Company's Statutory Auditor and the companies included in the Group, additional services were also provided which were subject to review by the Audit Committee in order to ensure its independence.

38. Other competences of the supervisory bodies

The Audit Committee met regularly during 2018 to analyse and monitor corporate accounts.

The Audit Committee is the recipient of all audit reports produced. Within this scope, the Audit Committee meets regularly with the Statutory Auditor, in order to monitor audit results and conclusions, as well as supervise the activities undertaken by the latter, with a view to ensuring their independence, namely in connection with the provision of additional services.

The Audit Committee monitors the internal audit departments of all Media Capital Group companies. In this sense, internal audit departments submit audit reports and conclusions to the Audit Committee every two months.

The Company's internal audit departments, jointly with the Audit Committee, ensure the implementation of internal control and risk management systems, in addition to proposing any necessary adjustments or changes. The Audit Committee did not propose any adjustments or changes to the systems implemented in 2018, as it considered that the control and risk management systems currently in place are suited to the risks identified.

The Audit Committee supervises the transactions of the Company with significant shareholders and in what relates to relevant transactions (articles 23º and 31º of the Company's Regulation), according to the Company's Regulation, approved in July 14, 2014. The Audit Committee established the procedures and necessary criteria regarding the definition of the significance level of the operations between the Company and shareholders with qualified participation.

The Audit Committee prepares a report of its activities on an annual basis, in addition to issuing an opinion on the reporting documents presented by the Board of Directors and the Statutory Auditor. The Audit Committee Report is issued and its contents disclosed to shareholders together with the Annual Report.

According to the policies implemented internationally by PRISA, on Compliance, a Media Capital Compliance Committee was created, which is dependent on the Audit Committee, which is part of the committees established by Prisa. Its competences, among others, include the implementation of new procedures that promote ethical behaviour of its employees, the identification, control and reporting of risks to which the company is exposed.

IV. STATUTORY AUDITOR

39. Company Supervision

The Company Supervisor designated by the General Shareholders Meeting for the mandate 2016-2019 is Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 231, represented by Pedro Miguel Argente de Freitas e Matos Gomes (Chartered Accountant number 1172).

40. Number of mandates of the Company's supervisor

The current structure of the supervisory body that contemplates the existence of an Audit Committee and a Statutory Auditor was adopted by the Company following the legislative changes at the General Meeting held in September 2006. Deloitte & Associados, SROC, SA is the Company Supervisor since then, represented first by Carlos Manuel Pereira Freire, who was in 2007 replaced by João Luís Falua Costa da Silva. Deloitte & Associados, SROC S.A. was designated for the mandates 2008/2011 and 2012/2015. From 2015 the society was represented by Nuno Miguel Cabaço da Silva (Chartered Accountant number 1462) and, from 2018, by Miguel Argente de Freitas e Matos Gomes (Chartered Accountant number 1172).

Following the analysis of the work carried out by the Statutory Auditor in the mandates elapsed and having analysed the different aspects that may affect the renewal of the mandate in the Company, the Audit Committee approved the maintenance of Deloitte & Associados, SROC S.A. for the mandate 2016/2019.

41. Other services of the Audit Supervisor

In addition to the legal certification services, Deloitte & Associados, SROC, SA also provided the Company and its subsidiaries, on a residual basis, other assurance services.

V. EXTERNAL AUDITOR

42. Identification of the external auditor

Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 20161389, represented by Pedro Miguel Argente de Freitas e Matos Gomes (Chartered Accountant number 1172) is the external and Statutory Auditor for the mandate 2016-2019.

43. Duration of the External Auditors functions

Deloitte & Associados, SROC, SA is the Company Supervisor since the mandate 2004/2007, represented first by Carlos Manuel Pereira Freire, who was in 2007 replaced by João Luís Falua Costa da Silva. Deloitte & Associados, SROC S.A. was designated for the mandates 2008/2011 and 2012/2015, being represented by João Luís Falua Costa da Silva, who was replaced in 2014 by Pedro Miguel Argente de Freitas e Matos Gomes and, in November 2015, by Nuno Miguel Cabaço da Silva (ROC n.º 1462) who was replaced by Pedro Miguel Argente de Freitas e Matos Gomes, on May, 14, 2018.

44. Rotation of the External Auditor

Up until the present date, the Company has not deemed necessary to replace the external auditor on a regular basis, despite ensuring that the Statutory Auditor is represented by a different partner during each term, as established in the Statutory Auditors Regulation. Keeping the auditors beyond two consecutive four-year terms was the subject of an express opinion by the Audit Committee, after considering the conditions of independence and advantages or disadvantages of their replacement.

45. Proposal concerning the appointment of the External Auditor

The Audit Committee is responsible for evaluating the performance of the external auditor and ascertaining their independence, on an annual basis, jointly with the Financial Direction of Media Capital. The Audit Committee approved the services provided by the external auditor and the corresponding fees.

46. Other tasks conducted by the external auditor for the Company and/or its subsidiaries and internal procedures for the approval and justification of these works

Aside from the certification services, the Statutory Auditor also provided the Company and its subsidiaries reliability assurance services and other related services, which include monitoring the application of the remuneration systems of the governing bodies and the risk control system. The Statutory Auditor reports all irregularities to the audit Committee.

The Company uses outsourced services because it does not have the necessary internal resources to do so, while safeguarding its independence.

The Audit Committee monitors and supervises the Statutory Auditor work, intermediates the contacts with the Company's and delimits the Statutory Auditors' fees and scope of work, thus assuring its independence.

47. Annual payment

In 2018, Grupo Media Capital paid Deloitte the total amount of 307,048.00 euros, which comprises:

Statutory audits: 285,548.00 euros / 93% *;

Audit services to internal control: 18,000.00 euros / 5.9% **.

Reliability assurance services: 500.00 euros / 0.2%;

Review of the financial ratios of the annual accounts: 3.000 euros / 1.0%

*Include all services to Grupo Media Capital's Spanish subsidiaries, audited by Deloitte S.L. (Deloitte Espanha), that amounted to 12,000.00 euros.

** Audit services to internal control in Media Capital were performed by Deloitte Spain.

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Restrictions concerning changes to the Company's Articles of Association

The Memorandum of Association does not establish any restrictions concerning changes to the Company's Articles of Association. By law, any amendments to the Articles of Association must be approved by a qualified majority in a General Meeting, according to article 386 of the Commercial Companies Code.

II. Whistleblowing

49. Whistleblowing policy

Media Capital has implemented a whistleblowing policy for reporting irregularities allegedly occurred in the Company. In this sense, Media Capital has implemented a system that allows any individual or entity related to the Group (including clients, suppliers, employees, shareholders and other stakeholders) to report any accounting, financial or management irregularities that might have occurred within the Group, or any other illicit activities or wrongdoings, directly to the Audit Committee, in strict confidence, according to management transparency principles and Good Corporate Governance Practice, and observing CMVM recommendations. This system allows early detection of irregularities that, if practised, might cause major damages to Media Capital Group companies and their stakeholders.

Irregularities are reported through the Company's website (<http://www.mediacapital.pt>), by filling the corresponding form, which is automatically sent to praticasindevidas@mediacapital.pt. Eventual reports are received by the Audit Committee of Media Capital. Confidentiality and anonymity are ensured if requested by the individual or entity reporting the occurrence.

III. Internal Control and Risk Management

50. Responsibilities for internal audit and internal control systems

The Board of Directors and the Audit Committee are responsible for implementing, evaluating and monitoring internal control systems, with a view to ensuring that the level of internal control is suited to the risks identified. The Board of Directors considers that the risk control systems implemented are suited to the risks to which Media Capital is exposed, and that detection of potential risks has been ensured, as well as effective action in case of their occurrence.

51. Hierarchical dependence in relation to other bodies or committees

The commitment to integrity, ethical values and the dissemination of the company's risk management culture is the responsibility of all employees. All are also responsible for risk management and can contribute to effective management of control.

Hence, the company's risk management structure considers a joint action of the administrative and management bodies, according to the model of the three lines of defence:

1st Line of Defence: Refers to the operational management, represented by the directorates, managers, and other employees who work in the operations of the companies. They are responsible for:

- Identify, evaluate, monitor and respond to risks (treatment) in accordance with the risk management policy;
- Implement action plans and control mechanisms;
- Communicate / report, in a timely manner, relevant information regarding risk management.

2nd Line of defence: Refers to the areas of control of the companies, comprising the functions of Management Control and Legal Direction. It refers to the Board of Directors and also to the Board of Directors and the Audit Committee. It is responsible for:

- Identify current and emerging issues;
- Analyse, evaluate, and monitor the risks identified by operational management;
- Facilitate and monitor the implementation of risk management practices by operational management (1st line of defence) according to the risk appetite of society and companies;
- Identify changes in the risk appetite defined by society;
- Communicate / report, in a timely manner, relevant information regarding risk management;
- Support in the identification of risks and in the development of processes and controls;
- Alert operational management to emerging issues and to changes in the regulatory and risk scenario.

3rd Line of defence: Refers to the performance of the Internal Audit in the evaluation of the mechanisms of control and supervision of the adherence and effectiveness of the process of risk management in society.

It acts independently and objectively, reporting to the Board of Directors and the Audit Committee. Given its responsibility for defining the Company's general strategic principles, particularly strategic and business plans, management goals, budgets and financial projections, the Board of Directors monitors the internal information and risk control system on a regular basis, ensuring that risks are suitably identified and managed jointly with the business units involved, as described in this Report.

The Board of Directors coordinates its monitoring efforts with the Audit Committee, which is responsible for evaluating the internal control and risk management system currently in place and suggest changes, according to the Company's requirements.

The monitoring of risk and opportunity assessment and management systems are assured by the Audit Committee. The ultimate goal of this monitoring, which is based on an integrated management model, is to ensure compliance with Good Corporate Governance Practice and transparency in all communications to the market and shareholders.

In response to market challenges and in order to assure adequate and effective control mechanisms, Grupo Media Capital has an Internal Audit department. The Strategic Committee of Media Capital, analyses and monitors both financial and operational risks and is responsible for the following:

- Management of materially relevant risks;
- Implementation and monitoring of the required procedures to ensuring adequate risk control;
- Assessment and quantification of residual risks to which companies are exposed;
- Identification of critical areas and proposing of mitigation measures;
- Update of the Risk Management Model, in order to alert the Company to emerging risks and/or control system deficiencies.

52. Other risk control areas

Aside of the above mentioned, there are no other departments or areas in the Company with competences in risk control.

53. Types of risks associated with the Company's business

Media Capital is exposed to three different types of risks associated with its business: regulatory, financial and operational risks.

i) Regulatory

Risk

As any other operator in the Portuguese media industry, the Media Capital Group is required to comply with a series of laws, regulations and directives that restrict the Group's operations. The granting, renewal and ownership of television and radio broadcasting licences, as well as the timing and contents of television and radio programs, advertising time within a given period and advertising contents, amongst other aspects, are governed by current legislation, regulations and directives.

Risk Control

The Portuguese Media Authority (Entidade Reguladora para a Comunicação Social – ERC, hereinafter referred to as ERC) is responsible for granting and renewing television broadcasting licences, as well as to grant the necessary authorizations for the operation of program services which do not need to be licensed. All existing free-to-air television broadcasting licences were granted in 1992, for 15-year periods, were renewed in 2006 and 2007 and may be renewed for a further 15 years, upon request by the corresponding holders, provided certain conditions are met.

On 20 June 2006, ERC issued Decision 1-L2006 on the renewal of the television broadcasting licences granted to SIC and TVI, for 15 years, concerning the generalist channels. Following the special administrative lawsuit filed with a view to annulling the obligations arising in connection with these licences, the ERC issued Decision 2/LIC-TV/2007, on 20 December 2007, whereby Decision 1-L2006 was reiterated, although a few specific aspects were changed.

Radio broadcasting licences are currently valid for a 15-year period, being renewed for a further 15 years, upon request by the corresponding holders, under the terms of Law 54/2010, of 24 December, which approves Radio Regulations, provided certain conditions are met. All licences granted by the ERC have been renewed. A new renewal process will begin in 2023 in order to assure the compliance with the required legal notice and it will last until 2028.

Media Capital considers that the risk associated with this process is extremely limited, since renewal requests are unlikely to be refused if all requirements are met, as is the case. In fact, Media Capital radio stations have never received any notifications from the ERC as a result of failure to comply with licensing conditions. Media Capital Group managers and operating units are responsible for monitoring licensing requirements and the relationship between the Group and regulatory authorities.

ii) Financial

Media Capital Group business units are responsible for managing financial risk, under the supervision of the Strategic Committee. Risk management is based on the general identification and subsequent prioritising of risk factors, with a view to defining strategies aimed at minimising exposure to critical risk factors and implementing internal control systems and procedures aimed at reducing risk to acceptable levels.

Media Capital Group business is also influenced by a series of somewhat uncontrollable risk factors. Faced with this threat, the Company has developed a series of internal control procedures, namely in the financial area, with a view to managing and monitoring the following risk factors, in a proactive manner:

- **Market risk**

Market risk is associated with changes in interest and exchange rates.

(i) Interest rate risk

The Company regularly controls its financial ratios and other metrics in order to control its debt.

The interest rate risks are essentially related to the interest incurred on the contracting by the Group of a bond loan, commercial paper programs and variable interest rate credit lines.

Nevertheless, interest rate risk is not addressed by the risk management policy, since the Society considered that exposure to this risk would not lead to a materially significant impact, as disclosed in the notes to the consolidated financial statements.

(ii) Exchange rate risk

Exchange rate risk is essentially associated with the investment in Plural Entertainment Inc., in currencies other than the Euro, the Group's reporting currency, as well as to the buying and selling of programs/rights in foreign currencies.

Risk factors likely to affect the Group include the exchange rate risk associated with agreements concerning the purchase of broadcasting rights, for which no hedging

instruments have been contracted, as well as contents and transmission right of TVI's channels.

The exchange rate risk associated with these contracts is small, given the reduced payment and receipt terms.

- **Credit Risk**

Credit risk is essentially associated with accounts receivable, as a result of the Group's operations. The Group endeavours to reduce this risk through its discount policy, which rewards early repayment and full payment in cash. This risk is regularly monitored by each of the Group's business areas, in order to:

- limit the amount of credit granted to clients, considering the corresponding profiles and the period over which amounts have been due;
- monitoring granted credit;
- analysing debt recovery efforts on a regular basis.

Impairment losses on accounts receivable are calculated based on the following:

- the period over which each amount has been due;
- the risk profile of the client;
- the financial condition of the client.

The Board of Directors considers that impairment losses on accounts receivable have been suitably estimated in financial statements, taking into account the policies and criteria followed by the Group and disclosed therein. Media Capital believes that impairment losses on accounts receivable do not need to be increased, as the values calculated as described above are deemed adequate. It should also be stressed that the financial discounts offered in case of early repayment or full payment in cash contribute to reducing credit risk in all business areas..

- **Liquidity risk**

The Group may be exposed to liquidity risk if funding sources, such as operating cash flow, divestment, credit lines and cash flows from financing operations are not sufficient to meet financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and debt repayment.

In order to mitigate liquidity risk, the Group has endeavoured to maintain a liquid position and ensure that average debt maturities allow the corresponding repayment on the due dates.

iii) Operational risk

The Media Capital Group is exposed to several operational risk factors, namely related to company operations, human resources, IT systems and strategies adopted. The following risk factors have been identified as the most relevant:

Economic environment	Technological evolution	Talent retention
Loss of audience	Piracy	Legal and fiscal
Consumer trends	Systems integrity	Fraud

As already mentioned, the Media Capital Group has implemented an official risk identification and mitigation structure based on an internal control system. This system was developed according to an international model – COSO 2013 (Committee of Sponsorship Organizations of the Treadway Commission) – that includes three levels:

- *Effectiveness and efficiency of operations;*
- *Reliability of financial and non-financial information;*
- *Compliance with applicable laws and regulations.*

The internal control system, which is based on procedures and internal control manuals, aims to document and standardise procedures across all operating areas and to ensure that all processes and procedures followed by Media Capital Group companies are continuously updated, with a view to ensuring that internal control is effectively achieved and suited to the Group's needs.

The Media Capital Group has defined controls for each cycle and transaction implemented, which are described in the aforementioned manuals. Control manuals are periodically reviewed, in order to ensure that controls are always up to date, considering the constant changes in Group transactions, which contributes to ensuring that change is adequately managed. The corresponding effectiveness is tested and evaluated by an independent entity, on an annual basis. Controls are structured as follows:

Entity Level Controls:

- Control environment;
- Risk assessment;
- Information and communications;
- Monitoring activities;
- Control activities.

Information Technology Controls:

- Access and event control;
- Information system and technology development controls.

Process and Activity Level Controls:

- Revenue management;
- Rights management;
- Human resources management;
- Fixed asset management;
- Tax management;
- Balance sheet management;
- Liquidity management;
- Management of accounts receivable;
- Management of accounts payable;
- Consolidation and reporting management;
- Litigation and contingency management.

The Strategic Committee sets a series of specific goals, under the supervision of the Audit Committee, with a view to supporting the Board of Directors. These goals include the following:

- Assisting Media Capital in identifying fragile areas and/or areas lacking suitable internal control procedures;
- Proposing and contributing to the implementation of the best procedures;
- Monitoring and optimising business performance;
- Minimising errors, fraud or undue use of company assets;
- Ensuring the accuracy of the financial and operational information communicated to the Board of Directors of the Media Capital Group;
- Standardising criteria, policies and operational and accounting procedures..

54. Risk control, evaluation, identification and management process.

Media Capital Group has ensured the implementation of mechanism that allow to (i) identify the risks the Company faces; (ii) measure its financial and economic value impact; (iii) compare the risk value with risk coverage costs, when available; (iv) monitor risk and coverage mechanisms evolution.

Grupo Media Capital implemented internal control procedures in order to minimize the impact of the challenges associated with operational diversity and ensure the effectiveness and suitability of internal control procedures and mechanisms.

The risk management methodology adopted by the Media Capital Group follows the international approach adopted by COSO 2014 (updated in 2017), as defined by the Committee of Sponsorship Organizations of the Treadway Commission. Within this scope, the methodology adopted consists of the following process:

- Internal and external risks likely to have a significant impact on the Group's strategic goals are identified and prioritised;
- Risk Managers responsible for assessing relevant risks are identified and approved;
- Meetings with the operations managers responsible for managing each risk are held in order to identify risk factors and events likely to affect the operations and business of Media Capital, as well as identify control processes and mechanisms;
- In addition, the impact and likelihood of occurrence of each risk factor is measured, and depending on the level of exposure or residual risk, the appropriate risk response treatment (eliminating, reducing, transferring or accepting) is evaluated and defined;
- The risk response measures defined in the previous stage are monitored, as well as exposure to critical risks. New risk factors are also identified. This stage includes the implementation of internal information and communication mechanisms for the various system components and risk alerts;
- The results and information generated by the Risk Management System are used to communicate information to the market and shareholders on the critical risk factors that might affect Media Capital's business.

55. Key elements of the internal control and risk management systems, in relation to the financial reporting process

Financial reporting is monitored by the Board of Directors and the Audit Committee, as exposed in the Regulation of the Board of Directors. The documents are prepared based on the information available by the business units and corporate services and approved by the Board of Directors and the Audit Committee before submission to the supervisory board.

The process of closing accounts and disclosing financial information considers the risk assessment carried out by the company, being completed by the correct design and effectiveness of the internal control system associated with this cycle, namely with respect to deadlines, requirements and financial reporting obligations. Tasks, responsibilities and events are also defined and communicated among the persons involved, in order to prepare all the documentation. The approval of this report includes the adequate review of accounting policies, considering relevant or unusual transactions, always identifying which disclosures are necessary to include in the financial statements, in addition to documentation for transactions that require judgment or estimates, by discriminating the method calculations, assumptions and other information considered there. The levels of approval of all operations are defined and documented according to their materiality and to the competences of the persons involved.

Additionally, the Board of Directors supervises this whole process, monitoring the recommendations made by internal or external audits, as well as compliance with all relevant external regulations. In addition to these procedures, it ensures that periodic reconciliations and reviews of transactions are carried out by the parties involved in the Group's various areas of activity, in order to identify new operations and thus ensuring their appropriate treatment.

IV. Investor Relations

56. Investor Relations

The Company ensures the existence of an Investor Relations Department whose goals are to streamline and optimise communications with financial markets in general, and with investors (current and potential) and financial analysts in particular.

Under the terms and for the purposes of point 4 of article 233 of the Portuguese Securities Code, Media Capital has appointed Mafalda Ordonhas Pais to the position of Investor Relations Officer. In this sense, Mafalda Ordonhas Pais is responsible for relations with the market and the Portuguese Securities Market Commission. Contact details for the Investor Relations Officer are as follows:

Address: Rua Mário Castelhana, 40, Queluz de Baixo, 2734-502 Barcarena
Telephone: + (351) 21 434 76 03
Fax: + (351) 21 434 59 01
E-mail: ir@mediacapital.pt

The Board of Directors of Media Capital and the Investor Relations Department are available to participate in sector and regional conferences, as well as conference calls, in addition to welcoming visits from investors and financial analysts, with a view to assisting finance brokers in interpreting the Company's financial and strategic information.

57. Market relations

Media Capital has appointed Mafalda Ordonhas Pais to the position of Market Relations Officer.

58. Information requests

Media Capital strives to ensure that all information requests received are answered shortly. 15 information requests were received in 2018, all answered in a timely manner.

V. Website

59. Web address

<http://www.mediacapital.pt>.

60. Information about the Company

Media Capital provides relevant institutional information, in Portuguese and English, on its website, at <http://www.mediacapital.pt>.

61. Bylaws and regulations

Media Capital maintains all relevant information on its website:
<http://www.mediacapital.pt/en/p/601/bylaws-and-regulations/>

62. Management, corporate bodies, market relations, investor relations

The following information is also available on the Media Capital website, in the Investors area:

- News highlights;
- Events calendar;
- Official announcements to the market;
- Quarterly and half-year results;
- Notices of General Meetings and background information;
- Annual Report.

63. Financial information

Financial information concerning the previous five years are available on the Company website (<http://www.mediacapital.pt>).

64. General meeting notice

Information on General Meetings, namely concerning the corresponding agendas, proposals presented, decisions and voting results, are also available on the Company website (<http://www.mediacapital.pt>).

65. General shareholders meeting

<http://www.mediacapital.pt/p/544/assembleia-geral-de-acionistas/>.

D. REMUNERATION

I. Competent Committees

66. Governing Bodies appointment and Remuneration Committee

Under the terms of the Commercial Companies Code and article 17 of the Memorandum of Association, the General Meeting has appointed a Governing Body Appointment and Remuneration Committee, whose main responsibilities are as follows:

- a) Presenting appointment proposals concerning members of the Board of Directors, the Audit Committee and the General Meeting Board;
- b) Approving remuneration levels for each member of the aforementioned governing bodies; and
- c) Reviewing the remuneration policy applicable to the aforementioned governing bodies, on an annual basis.

The Governing Body Appointment and Remuneration Committee is also responsible for evaluating the performance of the members of the Board of Directors.

The remuneration policy applicable to managing staff is defined by the Corporate Governance and Managing Staff Remuneration Committee, which is appointed by the Board of Directors and composed of members of the latter, as described in greater detail in section c) of point II. Management and Supervision, in Section B, above. Amongst other duties, the Corporate Governance and Managing Staff Remuneration Committee is responsible for submitting proposals concerning the general remuneration policy applicable to managing and executive staff, as well as the remaining employment contract conditions, to the Board of Directors.

II. Governing Body Appointment and Remuneration Committee

67. Members of the Governing Bodies appointment and remuneration committee

The Governing Body Appointment and Remuneration Committee is composed of three to five members, elected by the General Meeting.

The current members of the Governing Body Appointment and Remuneration Committee, were appointed during the 2016 Annual General Meeting, held on 7 April 2016; following the resignations of D. Antonio García-Mon Marañés and D. Gregorio Marañón y Bertrán de Lis, were appointed at the General Meeting held on May 25, 2018 two new members to the Governing Body Appointment and Remuneration Committee, to complete the current mandate of 2016/2019.

As at 31 December 2018, the Committee is composed of the following members:

Chairman: Ignacio Polanco Moreno;

- Manuel Mirat Santiago;

- Xavier Pujol Tobeña.

Members of the Governing Body Appointment and Remuneration Committee meet whenever called to do so, and are still present or represented in the meetings of the corporate bodies whenever they deal with matters of their responsibility.

68. Experience and knowledge of the members of the Governing Body appointment and remuneration committee

The members of the Governing Body Appointment and Remuneration Committee are senior executives with recognised experience in the market in which they carry out their professional duties, having previously assumed similar roles on other remuneration committees. The Governing

Body Appointment and Remuneration Committee consists mostly of non-independent members. However, it is considered that this status does not affect their ability to exercise independent judgement.

The Governing Body Appointment and Remuneration Committee has not engaged the services of any entities in order to assist them with their functions, nor does any of its members have any relationship with the Company's consultant.

III. Remuneration Policy

69. Remuneration policy of the members of the Board of Directors and Audit Committee

The Board of Directors, the Governing Body Appointment and Remuneration Committee and the Corporate Governance and Managing Staff Remuneration Committee presented the main guidelines of a proposed remuneration policy to the shareholders during the General Meeting, held on May, 25th, 2018. This policy, to be applicable to the members of the Board of Directors and Audit Committee, as well as company managers, as understood according to point 3 of article 248-B of the Portuguese Securities Code, establishes a distinction between executive and non-executive Directors.

The remuneration and compensation policy is revised on an annual basis and submitted to the Board of Directors' approval. This policy aims to assure the commitment between the members of the Board and the Company's interests and the existence of a relationship based on trust, competence, effort and commitment, considered essential to Company performance.

The remuneration and compensation policy applicable to members of the Board of Directors and other company managers was designed having into consideration:

- a) To attract and motivate the members;
- b) To adequately remunerate both the work and results achieved;
- c) To award value creation.

The remuneration and compensation policy applicable to members of the Board of Directors and other company managers take into account data and criteria disclosed by other Portuguese companies and groups in the same sector.

70. Information on the remuneration policy

The remuneration and compensation policy applicable to the executive members of the Board of Directors is based on a combination of fixed and variable amounts. The remuneration policy essentially intends to reward commitment and involvement in daily business, thus increasing motivation and aligning itself with long-term business goals.

In this sense, the amounts paid to the executive members of the Board of Directors of Grupo Media Capital, SGPS, S.A. include fixed and variable amounts (i) a fixed salary, set according to individual responsibilities and comprising a gross base annual salary; (ii) a variable amount, consisting of a performance bonus paid in the following year, based on specific criteria and calculated according to a professional performance formula defined by the competent commission for the year in question.

Annually, the commission establishes a maximum amount for the variable remuneration, fixing and identifying the criteria and circumstances that determine the amounts. The nature of the economic indicators and their weight for the purpose of calculating the performance formula, ensure that the interests of the executive members are aligned with the interests of the Company, with a portion being indexed to the effective performance of the Company, discouraging excessive risk-taking.

Executive Directors also benefit from non-cash benefits, namely health and life insurance, also available for all Company employees.

Non-executive Independent Directors earn a fixed and regular salary. The remuneration of the President of the Board of Directors differs from the rest, according to the position and market practices.

Remuneration policy of non-executive members of the board does not include variable amounts since their functions in the Board of Directors are based on their wide professional experience and valuable know-how. These members' remuneration does not depend on the Company's performance.

Non-independent non-executive Directors resigned the remuneration allocated to them, not having received any remuneration in 2018, as in previous years.

The salaries of the members of the Board of Directors are paid on a monthly basis, in equal and successive payments, and are described in the Corporate Governance report.

AUDIT COMMITTEE AND STATUTORY AUDITOR

Once the Audit Committee is composed by non-executive members of the Board of Directors, and these members are remunerated according to their position in the Company, there is no extra payment regarding their function in the Audit Committee.

The fees paid to the Statutory Auditor are set based on market information concerning similar services. Fees are negotiated annually and supervised by the Audit Committee.

MANAGERS

According to point 3 of article 248-B of the Portuguese Securities Code, managers are all employees who have regular access to privileged information and participate in decision-making processes concerning Company management and business strategies, such as the members of the Committees.

The Corporate Governance and Managing Staff Remuneration Committee reviews the remuneration policy applicable to managers on an annual basis.

The amounts paid to managers include a fixed salary and a variable amount. The variable amount consists of a performance bonus paid in the following year, based on specific criteria, which are defined and reviewed annually, and calculated according to a professional performance formula defined for the year in question by the Corporate Governance and Managing Staff Remuneration Committee, after results for the previous year have been calculated.

The remuneration is aligned with economic context.

71. Variable amounts

Annually, the Company sets the maximum potential amount of the variable remuneration component, the latter only applicable to the executive members of the Board of Directors. The criteria and the circumstances under which these maximum amounts may be due, which are indexed to the performance, based on objective economic criteria defined by application of a professional performance formula defined by the Nominating and Compensation Committee of the Corporate Bodies.

72. Deferred payment of variable amounts

Variable amount consists of a performance bonus paid in the following year.

73. Share allocation plan

The Company has not implemented any share allocation plans to members of the Board of Directors or the Audit Committee, or to other Company managers.

74. Stock option plans

The Company has not implemented any stock option plans to members of the Board of Directors or the Audit Committee, or to other Company managers.

75. Non-cash benefit systems

The Company has not implemented any non-cash benefit systems for the members of the Board of Directors.

76. Pension or early retirement schemes

Additionally, the Company has not implemented any pension schemes or early retirement schemes aimed at Directors.

IV. Remuneration Disclosure

77. Amounts paid to the members of the Board of Directors

The amounts paid to the members of the Board of Directors of the Media Capital Group, both executive and non-executive, over the year ending on 31 December 2018, totalled 835,096.84 euros.

The CEO is paid by Media Capital Group companies. The following amounts were paid in 2018:

	CEO	Fixed remuneration (€)	Variable remuneration (€)
Rosa Cullell		Euro 377.000,00	Euro 188.097,00

The following amounts were paid to non-executive Directors in 2018 (corresponding exclusively to fixed salaries):

Miguel Pais do Amaral	Euro 149.999,96
Agnés Noguera Borel	Euro 39.999,96

António Pires de Lima	Euro 39.999,96
Manuel Mirat *	_____
Manuel Polanco*	_____
Maria Del Pilar Del Rio	Euro 39.999,96
<i>Total</i>	Euro 269.999,84

* Non paid Directors

The remuneration of the non-executive members is paid by the Company.

78. Amounts paid by other companies

The executive member of the Board of Directors is fully paid by the Company and its subsidiaries.

79. Dividends or other bonuses

No dividends and/or bonuses other than those included in the aforementioned variable amounts were paid by the Company.

80. Compensations

No compensation amounts were paid in 2018 to former Directors upon cessation of their functions.

81. Amounts paid to the members of the Audit Committee and Statutory Auditor

Audit Committee members are paid as members of the Board of Directors.

The fees paid to the Statutory Auditor are set based on market information concerning similar services. Fees are negotiated annually and supervised by the Audit Committee. The amounts paid are described in point 47 of the present Report.

82. Amount paid to the President of the General Meeting Board

The members of the General Meeting Board earn fixed amounts.

In 2018, the members of the General Meeting Board were remunerated for their attendance and participation in the General Meetings of Media Capital, which took place on May 25, 2018 and on July 27, 2018. The members of the General Meeting Board and the Vice-President of General Meeting Board were paid 3.000.00 and 1.500.00 euros, respectively.

V. Compensation Agreements

83. Compensation payments upon dismissal of any member of the Board of Directors

No compensation payments are foreseen, irrespective of their nature, upon dismissal of any member of the Board of Directors during their term, except in case of unfair dismissal of the CEO, in accordance with the agreements signed within the scope of the corresponding professional relationship with the Media Capital Group.

84. Compensation payments in case of resignation or unfair dismissal following a change of control

No agreements have been signed between the Company and Directors and/or managers whose clauses determine the payment of any compensation in case of resignation or unfair dismissal following a change of control, except for the case of termination of duties of its CEO following a change of control of the Company.

None of the members of the Board has celebrated any agreement intending to mitigate risks affecting the respective remuneration fixed by the Company.

VI. Share Allocation Plans and/or Stock Options

85. Identification of the plan

The Company has not implemented any share allocation plans, nor has it granted stock options or paid any bonuses based on share price variation to members of the Board of Directors or the Audit Committee, or to other Company managers, since 2007. Moreover, the Company has not implemented any pension schemes applicable to members of the Board of Directors or Audit Committee, or to other Company managers; accordingly, these issues were not discussed at the General Meeting.

86. Characterization of the plan

Not applicable.

87. Stock options

Not applicable.

88. Employee share schemes

Media Capital has not implemented any employee share schemes. Accordingly, no control policies concerning this issue are required.

E. TRANSACTIONS WITH STAKEHOLDERS

I. Control Mechanisms and Procedures

89. Control mechanisms in transactions with stakeholders

According to the Regulations issued by the Board of Directors, transactions with stakeholders shall be subject to prior approval by the Board of Directors. Approval shall be based on the opinion of the Audit Committee, which shall be responsible for evaluating the transaction in question, considering current market conditions.

In addition to controlling transactions with related parties, the Company has implemented mechanics for the verification and existence of conflicts of interest in the relationship between the

Company and its Directors. Pursuant to article 28 of the Regulations of the Company's Board of Directors (Conflicts of Interest and Transactions with Directors), the Directors must notify the Company of any situations that may indicate conflicts of interest. Accordingly, all direct or indirect business or commercial transactions of the Directors with the Company or any of its Subsidiary Companies must be authorized by the Board of Directors, after prior opinion of the Corporate Governance Committee and Directors' Remuneration. An Administrator who has an interest in entering into a contract, transaction or agreement with the Company shall declare the nature of such interest to the Board of Directors, refraining from intervening in such deliberations.

90. Control mechanisms concerning transactions

In 2018 the Audit Committee evaluated all transactions celebrated with stakeholders and relevant shareholders and determined the relevant criteria according to the applicable regulation (art 23° and 31° of the regulation). In compliance with the provisions of the Regulations of the Board of Directors, in the context of the supervision and evaluation of the company's transactions with significant shareholders (Articles 23 and 31 of the Regulation), the proposals for operations of significant importance to be celebrated with shareholders were approved with a favourable opinion issued by the Audit Committee.

91. Procedures regarding the intervention of the audit committee

In line with the recommendations regarding the good governance of listed companies, the Audit Committee established the economic criteria as essential criteria for defining the relevant level of significance of the business with shareholders holding qualified participation. The Audit Committee therefore evaluates all transactions with significant shareholders and related parties, in compliance with the provisions of the Regulations of the Board of Directors, reserving for itself the issuance of an opinion prior to the conclusion of significant business.

II. Transaction Information

92. Information on transactions with stakeholders

Information on transactions with stakeholders, produced according to the requirements of the IAS 24, is included in Note 27 of the Annex to consolidated financial statements.

PART II - CORPORATE GOVERNANCE EVALUATION

Media Capital, as a public company subject to Portuguese law, an issuer of shares admitted to trading on the regulated market NYSE Euronext Lisbon, adopts the provisions of recommendatory nature enshrined in the Corporate Governance Code as issued by the Portuguese Institute of Corporate Governance (IPCG) in force since January 1, 2018, which are available for consultation on the Institute's website.

Recommendation / Section	Compliance	Report Information
Chapter I. General Provisions		
I.1. Company's relationship with investors and disclosure		
I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Complies	C. Internal Organization III Internal Control, management and Risk. P55
I.2 Diversity in the composition and functioning of the company's governing bodies.		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Complies	B. Government Bodies and Committees II Management and supervision
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations – namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members –, and detailed minutes of the meetings of each of these bodies should be carried out.	Complies	B. Government Bodies and Committees II Management and supervision P22 and 34
I.2.3. The internal regulations of the governing bodies – the managing body, the supervisory body and their respective committees – should be disclosed, in full, on the company's website.	Complies	B. Government Bodies and Committees II Management and supervision P22 and 34
I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Complies partly The number of annual meetings of the corporate bodies is disclosed only in this report, with information on the composition disclosed in this Report and also on the company's website	B. Government Bodies and Committees II Management and supervision.
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	Complies	C. Internal Organization II Communication of irregularities

Recommendation / Section	Compliance	Report Information
I.3 Relationships between the company bodies.		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Complies	B. Government Bodies and Committees II Management and supervision b) Operation
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Complies	B. Government Bodies and Committees II Management and supervision b) Operation
I.4 Conflicts of interest.		
I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.	Complies	E. Transactions with related parts I. Control Mechanisms and procedures P89
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Complies	E. Transactions with related parts I. Control Mechanisms and procedures P89
I.5 Related party transactions.		
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.	Complies	E. Transactions with related parts I. Control Mechanisms and procedures P89
II.5.2. The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months.	Not applicable taking into account that all transactions with related parties are subject to approval by the Audit Committee	
Chapter II. Shareholders and General Meetings		

Recommendation / Section	Compliance	Report Information
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Complies	B. Government Bodies and Committees b) Voting rights
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Complies	B. Government Bodies and Committees I General Meeting b) Voting rights
II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	Complies partially.	General meeting b) Voting rights
II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	Does not comply The Company did not adopt the necessary means for the participation of shareholders by electronic means because it has not been so far requested to be implemented by any shareholder.	
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits	Complies	B. Government Bodies and Committees I General Meeting b) Voting rights
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Not applicable	B. Government Bodies and Committees I General Meeting b) Voting rights
Chapter III. Non-Executive management, Monitoring and Supervision		
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Does not comply Taking into account the composition of the Management Board and its reduced size, it is not necessary to designate a coordinating member	Part I, Section B III. c) Competences and Duties

Recommendation / Section	Compliance	Report Information
<p>III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.</p>	Complies	<p>B. Government Bodies and Committees</p> <p>II Management and supervision</p> <p>P17 and 18</p>
<p>III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.</p>	Complies	<p>B. Government Bodies and Committees</p> <p>II Management and supervision</p> <p>P17 and 18</p>
<p>III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <ul style="list-style-type: none"> i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding. 	Complies	<p>B. Government Bodies and Committees</p> <p>II Management and supervision</p> <p>P17 and 18</p>
<p>III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).</p>	Complies	<p>B. Government Bodies and Committees</p> <p>II Management and supervision</p> <p>P17 and 18</p>
<p>III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or</p>	Complies	<p>B. Government Bodies and Committees</p>

Recommendation / Section	Compliance	Report Information
risk, as well as in the assessment of the accomplishment of these actions.		II Management and supervision P21
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Not applicable by virtue of the governance model adopted by the Company	
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Complies	B. Government Bodies and Committees III Supervision P38
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	Complies	B. Government Bodies and Committees II Management and supervision P29
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	Complies	C. Internal Organization III Internal control, management and risk
III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	Complies	B. Government Bodies and Committees III Supervision P38
III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Complies	B. Government Bodies and Committees III Supervision P38
Chapter IV. Executive Management		
IV. 1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	Complies partly The executive directors' performance regime is regulated by the Regulations of the Board of Directors, and there is no regulation on the	

Recommendation / Section	Compliance	Report Information
	performance of executives in entities outside the group.	
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Complies	B. Government Bodies and Committees II Management and supervision P21
IV. 3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	Complies	B. Government Bodies and Committees II Management and supervision P21
IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Complies	B. Government Bodies and Committees III Supervision P38
Chapter V. Evaluation of performance, remuneration and appointment		
V.1. Annual evaluation of performance		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Does not comply The evaluation of the performance of the board of directors is the responsibility of the Appointments and Remuneration Committee of the corporate bodies and also of the Audit Committee as supervisory body	Part I, Section D III. Remuneration Policy
V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Complies	B. Government Bodies and Committees III Supervision P38
V.2. Remuneration		
V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	Complies partly The Appointments and Remuneration Committee of the corporate bodies is composed of a majority of non-independent members. The Company considers that	D. Remuneration II. Remuneration Committee

Recommendation / Section	Compliance	Report Information
	its situation does not affect its exemptions	
V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	Complies	D. Remuneration II. Remuneration Committee
V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following: i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied; ii. remunerations from companies that belong to the same group as the company; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date; iv. information on the possibility to request the reimbursement of variable remuneration; v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.	Complies partly The company did not adopt mechanisms regarding items IV, V and VI of the recommendation	D. Remuneration III Structure of remuneration
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	Not applicable The Company has no pension plans.	
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Complies	D. Remuneration II. Remuneration Committee
V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services	Complies	D. Remuneration II. Remuneration Committee

Recommendation / Section	Compliance	Report Information
are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.		
V.3. Director remuneration		
V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Complies	D. Remuneration III Structure of remuneration
V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Does not Comply The Company considers that the variable remuneration component that is paid in the following year does not affect the executive directors' commitment to the company in the long term	
V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable The Company does not have stock option plans or indexed to the attribution of shares	
V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Complies	D. Remuneration III Structure of remuneration
V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	Does not comply The company does not adopt specific legal instruments for the purpose of this recommendation	
V.4. Appointments		
V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Complies	B. Government Bodies and Committees II Management and supervision P21
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Complies	B. Government Bodies and Committees II Management and supervision

Recommendation / Section	Compliance	Report Information
		P29
V.4.3. This nomination committee includes a majority of nonexecutive, independent members.	Complies partly The Corporate Governance and Remuneration Committee is comprised of non-executive members, with only one of them being a non-independent member. The Company considers that its situation does not affect its exemption	B. Government Bodies and Committees II Management and supervision c) Committees P29
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Complies	B. Government Bodies and Committees II Management and supervision c)Committees P29
Chapter VI. Risk Management		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	Complies	C. Internal organization III Internal control, management and risk
VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	Complies	C. Internal organization III Internal control, management and risk
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	Complies	C. Internal organization III Internal control, management and risk
Chapter VII. Financial statements and accounting		
VII.1. Financial information		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Complies	B. Government Bodies and Committees III Supervision b) Operation

Recommendation / Section	Compliance	Report Information
VII.2. Statutory audit of accounts and supervision		
<p>VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.</p>	Complies	<p>B. Government Bodies and Committees III Supervision b) Operation</p>
<p>VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p>	Complies	<p>B. Government Bodies and Committees III Supervision c) Powers and duties</p>
<p>VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.</p>	Complies	<p>B. Government Bodies and Committees III Supervision c) Powers and duties</p>
<p>VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.</p>	Complies	<p>B. Government Bodies and Committees III Supervision b) Operation</p>
<p>VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.</p>	Complies	<p>B. Government Bodies and Committees III Supervision c) Powers and duties</p>

ANNEX

Curricula

Miguel Maria De Sá Pais Do Amaral

President of the Board of Directors of Media Capital Group.

Miguel Pais do Amaral studied engineering at Instituto Superior Técnico in Lisbon and a got a MBA degree by INSEAD. Between 1991 and 1998 he was Chairman of SOCI, SA, Manager of Euroknights, Director of Compagnie Generale des Eaux and Chairman of Diana SA. In 1995, Miguel Pais do Amaral founded the Media Capital group, which became the leading media company in Portugal, involved in television broadcasting and production, outdoors, internet, radio, musical production and film production. From 2007 onwards, he has invested in different business sectors such as book publishing and education, information technologies, natural resources and renewable energies, finance and real estate. President of the Media Capital Board of Directors since 16 March 2011, he was re-elected for the mandate 2016/2019.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
AHS INVESTIMENTOS. SGPS SA	CHAIRMAN
AGEIRIDGE - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
AGEIRON - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
ALFACOMPETIÇÃO - AUTOMÓVEIS E CAVALOS DE COMPETIÇÃO, SA	CHAIRMAN
ASK4GREEN, LDA.	MANAGER
BIOBRAX - ENERGIAS RENOVÁVEIS PORTUGAL, LDA.	CHAIRMAN
COMPANHIA DAS QUINTAS SGPS, SA	CHAIRMAN
COURICAL HOLDING, S.A.	SOLE DIRECTOR
DIANA - SOCIEDADE DE PROMOÇÃO E INVESTIMENTOS IMOBILIARIOS, LDA.	MANAGER
DREAMS CORNER, LDA.	MANAGER
EDGE BROKERS, LDA	MANAGER
EDGE CAPITAL SGPS, S.A.	CHAIRMAN
EDGE INTERNATIONAL HOLDINGS - SGPS, SA	CHAIRMAN
EDGE PROPERTIES SGPS, SA	CHAIRMAN
EDGE RM, LDA	MANAGER
EDGE SVCS, LDA	MANAGER
EDGE VS PRESTAÇÃO DE SERVIÇOS, LDA	MANAGER
GREYPART SGPS, SA	CHAIRMAN
HEMERA ENERGÍAS RENOVABLES ESPAÑA, SLU	CHAIRMAN
HENERGY - ENERGIAS RENOVÁVEIS, LDA.	MANAGER
IXILU - COMPRA E VENDA DE IMÓVEIS, LDA.	MANAGER
LANIFOS - SOCIEDADE DE FINANCIAMENTOS, LDA.	MANAGER
NEUTRIPROMO - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
PARTBLEU SGPS, SA	DIRECTOR
PHILLIPS PARK INVESTMENT CORPORATION	DIRECTOR

PHILLIPS PARK LLC	DIRECTOR
POLISTOCK - SOCIEDADE AGRO-PECUÁRIA UNIPessoal LDA.	MANAGER
QIH SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SGPS SA	DIRECTOR
QUINTA DA FRONTEIRA SA	CHAIRMAN
QUINTA DE PANCAS VINHOS SA	CHAIRMAN
SITUAVOX, LDA.	MANAGER
SOCIEDADE AGRO-FLORESTAL SERRA DA Pousada LDA.	MANAGER
TOPBUILDING - INVESTIMENTOS IMOBILIÁRIOS SA	CHAIRMAN

On 31 December 2018, 55.683 shares and voting rights in Grupo Média Capital SGPS, SA are attributable, by virtue of the ownership of the company AHS Investimentos, SGPS, S.A. which is owned directly by Mr. Eng. Miguel Pais do Amaral, a company of which he is also Chairman of the Board of Directors.

Rosa Maria Cullell Muniesa

CEO of Grupo Media Capital

With a degree in Information Sciences by Universidade Autònoma de Barcelona and a diploma in Top Management by IESE Business School, initiated her career as a journalist in Mundo Diário. Was correspondent for a newspaper in London, where she worked to BBC (external services). She was then coordinator of multicultural contents and emigrant support in Perth (Western Australia), working for the Ministry of Immigration. When returning to Spain, she joined TVE-Catalunya and became economy journalist in El País, first in Barcelona, then in Madrid. From 1989 to 2002 she was part of the La Caixa directive team, becoming also member of the board. She was also CEO of Editora Grup 62 a participated company of La Caixa. In February 2005 she was appointed general manager of Gran Teatre de Liceu and between 2008 and 2010 she became general manager of Corporación Catalana de Medios Audiovisuales (TV3). Was member of the board of directors of Panrico, Carrefour, Hidroeléctrica de Cantabrico, Telefonica de Catalunya, Telefonica de Sao Paulo e Fecsa-Endesa. In 2011, wrote the romance "El major lugar del mundo". In 2018 she was appointed Director of Fundação Serralves. She was appointed CEO of Media Capital on July 13 2011, for the mandate 2008/2011 and was re-elected for the mandate 2016/2019.

She is also part of the following companies:

GRUPO MEDIA CAPITAL	
MEGLO - MEDIA GLOBAL, SGPS, SA	CHAIRMAN
MEDIA CAPITAL - SERVIÇOS DE CONSULTORIA E GESTÃO, SA	CHAIRMAN
MEDIA CAPITAL DIGITAL, SA	CHAIRMAN
IOL NEGÓCIOS - SERVIÇOS DE INTERNET, SA	CHAIRMAN
MCR II - MEDIA CAPITAL RÁDIOS, SA	CHAIRMAN
RÁDIO COMERCIAL, SA	CHAIRMAN
R. CIDADE - PRODUÇÕES AUDIOVISUAIS, SA	CHAIRMAN
RÁDIO REGIONAL DE LISBOA - EMISSÕES DE RÁDIODIFUSÃO, SA	CHAIRMAN
RÁDIO XXI, LDA.	CHAIRMAN
RÁDIO LITORAL CENTRO - EMPRESA DE RÁDIODIFUSÃO, LDA.	MANAGER
RÁDIO NACIONAL - EMISSÕES DE RÁDIODIFUSÃO, UNIPessoal, LDA.	MANAGER
FLOR DO ÉTER - RÁDIODIFUSÃO, LDA.	MANAGER
DRUMS - COMUNICAÇÕES SONORAS, UNIPessoal, LDA.	MANAGER
RÁDIO VOZ DE ALCANENA (RVA), LDA.	MANAGER

MCME – MÉDIA CAPITAL MÚSICA E ENTRETENIMENTO, SA	MANAGER
MEDIA CAPITAL ENTERTAINMENT – PRODUÇÃO DE EVENTOS, LDA.	CHAIRMAN
FAROL MUSICA – SOCIEDADE DE PRODUÇÃO E EDIÇÃO AUDIOVISUAL, LDA.	MANAGER
CLMC – MULTIMEDIA, UNIPessoal, LDA	MANAGER
TVI – TELEVISÃO INDEPENDENTE, SA	CHAIRMAN
MCP – MEDIA CAPITAL PRODUÇÕES, SA	CEO
PLURAL ENTERTAINMENT PORTUGAL, SA	DIRECTOR
PLURAL ENTERTAINMENT ESPAÑA, LDA	DIRECTOR
TESELA PRODUCCIONES AUDIOVISUALES, SLU	DIRECTOR
EMAV – EMPRESA DE MEIOS AUDIOVISUAIS, SLU	DIRECTOR
EPC – EMPRESA PORTUGUESA DE CENÁRIOS, LDA.	MANAGER
CASA DA CRIAÇÃO – ARGUMENTOS PARA AUDIOVISUAL, LDA.	MANAGER
PENALVA DO CASTELHO FM – RADIODIFUSÃO E PUBLICIDADE, LD ^a	MANAGER
MOLICEIRO – COMUNICAÇÃO SOCIAL, UNIPessoal, LDA.	MANAGER
NOTIMAIA – PUBLICAÇÕES E COMUNICAÇÃO, UNIPessoal, LDA.	MANAGER
RÁDIO CONCELHO DE CANTANHEDE, UNIPessoal, LDA.	MANAGER
SIRPA – SOCIEDADE DE IMPRENSA RÁDIO PARALELO, LDA.	MANAGER
COCO – COMPANHIA DE COMUNICAÇÃO, UNIPessoal, LDA	MANAGER
PRC – PRODUÇÕES RADIOFÓNICAS DE COIMBRA, LDA.	MANAGER
POLIMEDIA – PUBLICIDADES E PUBLICAÇÕES, LDA.	MANAGER
R2000 – COMUNICAÇÃO SOCIAL, LDA.	MANAGER
LEIRIMEDIA – PRODUÇÕES E PUBLICIDADE, LDA.	MANAGER
R.C. – EMPRESA DE RADIODIFUSÃO, LDA.	MANAGER
NOT PART OF GRUPO MEDIA CAPITAL	
VERTIX, SGPS, SA	DIRECTOR
FUNDAÇÃO SERRALVES	DIRECTOR

On 31 December 2018, she held no shares or voting rights in Grupo Média Capital SGPS, SA.

Agnés Noguera Borel

Member of the Board of Directors. Graduated in Law and History of Art from the University of Valencia-Estudi General and in Gemmology from the University of Barcelona. She is a Financial Analyst (member of the Spanish Institute of Financial Analysts). Throughout her professional career she held positions in numerous companies of different sectors. She has been CEO of Libertas 7, SA since 2004 and is a member of the Board of Directors of Adolfo Domínguez (representing Luxury Liberty). She was appointed as member of the Board of Directors on April 7, 2016, for the 2016/2019 mandate.

She is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
LIBERTAS7, S.A.	CEO
ADOLFO DOMINGUEZ	DIRECTOR

On 31 December 2018, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

António de Magalhães Pires de Lima

Member of the Board of Directors. Graduated in Economics from Universidade Católica Portuguesa in 1984, he completed an MBA in 1986 at IESE (Barcelona) and holds an AMP from INSEAD - Fontainebleau. Former Minister

of Economy of the XIX Government of Portugal, he has had a consolidated career since 1986, including, among other positions, Executive Chairman of UNICER Bebidas de Portugal SA from 2006 to 2013, Executive President of NUTRINVEST / COMPAL from 1993 to 2005 and President Of EPIS-Entrepreneurs for Social Inclusion from 2009 to 2019, among other national and international companies. Was appointed as member of the Board of Directors on April 7, 2016, for the 2016/2019 mandate.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
SERRALVES FUNDAÇÃO	NON-EXECUTIVE DIRECTOR
HORIZON EQUITY PARTNERS	NON-EXECUTIVE DIRECTOR
OMTEL	CHAIRMAN
SUMOL+COMPAL	NON-EXECUTIVE DIRECTOR
BEST ANCHOR CAPITAL E SERVIÇOS, LDA	MANAGER

On 31 December 2018, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Manuel Mirat Santiago

member of the Board of Directors. Graduated in Law and has two degrees obtained at IESE, the Senior Management Program (PADE) and the Management Development Program (PDD). Mr. Mirat began his professional career at Arthur Andersen and in 1997 he was hired by PRISA, where he occupied various positions, including chief financial officer. In 2004, he was appointed executive director of PRISACOM to lead the digital development of the Group, leading the transformation projects of different brands: El País, Cadena SER, 40 Principales, As e Cinco Días. In March 2009, he was appointed General Director of Operations of Sogecable and, in December of that same year, he was nominated General Director of CANAL +, being in charge of sales and marketing, as well as the development of new businesses. In 2014, he was appointed executive director of EL PAÍS and PRISA Notícias. He has been Director of PRISA since June 2017 and is, since September 2017, its CEO. He was elected by co-optation in October 19, 2017, for the 2016/2019 mandate.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
PROMOTORA DE INFORMACIONES, SA	CEO
FACTORIA PRISA NOTICIAS, SL	REPRESENTS EL PAIS AS ITS DIRECTOR
DIARIO EL PAIS SLU	CHAIRMAN
PRESSPRINT, SL, SOCIEDAD UNIPERSONAL	REPRESENTS EL PAIS AS ITS SOLE DIRECTOR
PRISA NOTICIAS, S.L U.	CHAIRMAN
NOTICIAS AS MEXICO, S.A. DE C.V.	DIRECTOR
DIARIO AS, S.L.	CHAIRMAN AND CEO
ESPACIO DIGITAL EDITORIAL, S.L. SOCIEDADE UNIPERSONAL	REPRESENTS PRISA NOTICIAS SLU AS ITS DIRECTOR
ESTRUCTURA GRUPO DE ESTUDIOS ECONOMICOS, S.A.	REPRESENTS GRUPO DE MEDIOS IMPRESOS Y DIGITALES, S.L. SOCIEDAD UNIPERSONAL AS ITS DIRECTOR
DIARIO AS COLOMBIA, S.A.S.	DIRECTOR
GRUPO DE MEDIOS IMPRESOS Y DIGITALES, S.L. SOCIEDAD UNIPERSONAL	REPRESENTS PRISA NOTICIAS S.L.U. AS ITS SOLE DIRECTOR

MERISTATION MAGAZINE, SL	REPRESENTS PROMOTORA GENERAL DE REVISTAS, SA AS ITS SOLE DIRECTOR
PROMOTORA GENERAL DE REVISTAS, SA	REPRESENTS GRUPO DE MEDIOS IMPRESOS Y DIGITALES, S.L. SOCIEDAD UNIPERSONAL AS ITS SOLE DIRECTOR
PRISA PRODUCCIONES DE VIDEO, S.L U.	REPRESENTS PRISA AUDIOVISUAL SA AS ITS SOLE DIRECTOR
PRISA TECNOLOGIA, S.L U.	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR
DISTRIBUICIONES ALIADAS, S.A. SOCIEDAD UNIPERSONAL	REPRESENTS PRISAPRINT, S.L. UNIPERSONAL AS ITS SOLE DIRECTOR
NORPRENSA S.A. SOCIEDAD UNIPERSONAL	REPRESENTS PRISAPRINT, S.L. UNIPERSONAL AS ITS SOLE DIRECTOR
PRISAPRINT, S.L. UNIPERSONAL	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS DIRECTOR
AUDIOVISUAL SPORT, S.L.	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR
PRISA PARTICIPADAS, SLU	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR
PRISA RADIO, S.A.	CHAIRMAN
GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS DIRECTOR
PROMOTORA DE ACTIVIDADES AMERICA 2010, S.L. SOCIEDAD EN LIQUIDACION	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS LIQUIDATOR
PRISA ACTIVOS EDUCATIVOS, SL	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR
PRISA ACTIVOS RADIOFONICOS, SL	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR
PRISA GESTION FINANCIERA, SL	REPRESENTS PROMOTORA DE INFORMACIONES SA AS ITS SOLE DIRECTOR

On 31 December 2018, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Manuel Polanco Moreno

Member of the Board of Directors. Member of the Board of Directors and of the Executive Committee of Promotora de Informaciones, S.A. (Prisa).

Mr Polanco obtained a BS in Business Management and Economics with a major in International Finances from the Universidad Autónoma de Madrid in Spain. In 1991 he was appointed CEO of Santillana editing company in Chile and in Peru, in 1994 Managing Director of the Mexican daily newspaper La Prensa and also in charge of the launch of the edition of the daily newspaper El País in México. In 1996, Mr. Polanco moved to Miami where

he became the Head of the international business of Grupo Santillana, overseeing the business of its 21 companies in Latin America and US. He came back to Spain in 1999 as CEO of GDM. A little later he also became CEO of GMI. In 2005 he was appointed CEO of Media Capital Group, opening a pulse step in international expansion in other Portuguese-speaking markets and consolidating the Group's leadership in both television and the audiovisual television production by Plural. In 2009 he became the General Management of Prisa Group and in recent years he presided over the Group's television area, including Canal + until it was sold to Telefónica in 2015, as well as the development of the new production and video division of PRISA, while assuming the Group's vice-presidency. Manuel Polanco has been a Director of PRISA since 2001 and a member of its Executive Committee since 2008. On January 1, 2018, he became Chairman of the Board of Directors of PRISA, a position he held until December of that year. He was appointed as member of the Board of Directors of Media Capital on 15 November 2005.

He is also part of the following companies:

GRUPO MEDIA CAPITAL	
TVI - TELEVISÃO INDEPENDENTE, S.A.	CHAIRMAN
PLURAL ENTERTAINMENT PORTUGAL, S.A.	CHAIRMAN
MEDIA CAPITAL PRODUÇÕES - INVESTIMENTOS, SGPS, SA	CHAIRMAN
PLURAL ENTERTAINMENT ESPAÑA, SLU	DIRECTOR
FORA DO GRUPO MEDIA CAPITAL	
VERTIX, SGPS, SA.	VICE-CHAIRMAN AND MEMBER OF THE EXECUTIVE COMMITTEE
PROMOTORA DE INFORMACIONES, SA	CHAIRMAN AND MEMBER OF THE BOARD
RUCANDIO, SA.	CEO
TIMÓN, SA.	CHAIRMAN
RUCANDIO INVERSIONES SICAV	DIRECTOR
TROPICAL HOTELES, S.A.	DIRECTOR
QUALITAS VENTURE CAPITAL, S.A.S.C.R.	DIRECTOR

On 31 December 2018, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Maria del Pilar del Rio Sanches Saramago

Member of the Board of Directors. Pilar del Río (Sevilla, 1950) is a journalist and translator of Portuguese into Spanish. She developed her professional activity in Radio Nacional de España, TVE and Cadena SER. She collaborated with the press in Spain and Portugal. Activist of Human Rights and Duties presides over the José Saramago Foundation, which seeks, starting from social intervention, a fairer and cleaner environment in which to read in peace. She is a widow and has a son. Was appointed as member of the Board of Directors on April 7, 2016, for the 2016/2019 mandate.

She is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
FUNDAÇÃO JOSÉ SARAMAGO	CHAIRMAN
BALSA DE PIEDRA, SL	DIRECTOR

On 31 December 2018, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

GRUPO MÉDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated financial statements originally issued in Portuguese - Note 36)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>OPERATING REVENUE:</u>			
Services rendered	5 and 6	132,799,525	126,910,992
Other operating revenue	5 and 6	49,009,217	38,551,901
Total operating revenue		<u>181,808,742</u>	<u>165,462,893</u>
<u>OPERATING COSTS:</u>			
Cost of broadcasted programs and goods sold	5 and 7	(21,067,219)	(19,443,210)
Supplies and services	5 and 8	(78,326,286)	(63,788,651)
Personnel costs	5 and 9	(41,540,253)	(41,678,235)
Amortisation and depreciation	5 and 15	(6,632,354)	(7,902,649)
Provisions and impairment losses	5 and 23	(509,702)	(394,805)
Other operating expenses	5	(120,108)	(81,288)
Total operating costs		<u>(148,195,922)</u>	<u>(133,288,838)</u>
Operating profit		<u>33,612,820</u>	<u>32,174,055</u>
<u>NET FINANCIAL EXPENSES</u>			
Financial expense	10	(3,165,889)	(4,576,069)
Financial income	10	208,622	93,650
Finance costs, net		(2,957,267)	(4,482,419)
Gain on associated companies, net		-	(3)
Profit before tax		<u>30,655,553</u>	<u>27,691,633</u>
Income tax expense	11	(9,082,427)	(7,904,604)
Consolidated net profit for the year on continuing operations		<u>21,573,126</u>	<u>19,787,029</u>
Attributable to:			
Equity holders of the parent		<u>21,573,126</u>	<u>19,787,029</u>
Earnings per share on continuing operations:			
Basic	12	0.2553	0.2341
Diluted	12	<u>0.2553</u>	<u>0.2341</u>

The accompanying notes form an integral part of the consolidated statement of profit and loss for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated financial statements originally issued in Portuguese - Note 36)

<u>ASSETS</u>	<u>Notes</u>	<u>2018</u>	<u>2017</u>
NON-CURRENT ASSETS:			
Goodwill	13	149,374,120	149,374,120
Intangible assets	14	9,825,759	10,662,722
Tangible fixed assets	15	16,026,246	15,165,550
Available-for-sale assets		4,988	4,988
Television program broadcasting rights	16	48,146,342	50,971,104
Other non-current assets	17	2,410,429	3,937,479
Deferred tax assets	11	2,161,415	2,387,821
		<u>227,949,299</u>	<u>232,503,784</u>
CURRENT ASSETS:			
Television program broadcasting rights	16	31,135,624	30,219,194
Trade and other receivables	18	30,699,741	33,628,754
Current tax assets	11	287,822	340,290
Other current assets	19	3,435,972	4,258,008
Cash and cash equivalents	20	382,214	294,327
		<u>65,941,373</u>	<u>68,740,573</u>
TOTAL ASSETS		<u><u>293,890,672</u></u>	<u><u>301,244,357</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	21	89,583,971	89,583,971
Reserves	21	32,362,299	32,070,736
Consolidated net profit for the year		21,573,126	19,787,029
Equity attributable to shareholders of the parent company		<u>143,519,396</u>	<u>141,441,736</u>
TOTAL EQUITY		<u><u>143,519,396</u></u>	<u><u>141,441,736</u></u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	22	46,114,953	61,232,930
Provisions	23	5,762,122	5,798,032
Deferred tax liabilities	11	1,091,250	1,158,750
		<u>52,968,325</u>	<u>68,189,712</u>
CURRENT LIABILITIES:			
Borrowings	22	39,928,742	34,323,833
Trade and other payables	24	32,930,172	31,369,898
Current tax liabilities	11	-	5,254
Other current liabilities	25	24,544,037	25,913,924
		<u>97,402,951</u>	<u>91,612,909</u>
TOTAL LIABILITIES		<u><u>150,371,276</u></u>	<u><u>159,802,621</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>293,890,672</u></u>	<u><u>301,244,357</u></u>

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated financial statements originally issued in Portuguese - Note 36)

	<u>2018</u>	<u>2017</u>
Consolidated net profit for the year	21,573,126	19,787,029
Items that can subsequently be reclassified to profits and losses:		
Effect of translation of operations headquartered abroad	(163,449)	458,265
Total consolidated comprehensive income	<u>21,409,677</u>	<u>20,245,294</u>
Attributable to:		
Equity holders of the parent company	<u>21,409,677</u>	<u>20,245,294</u>

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated financial statements originally issued in Portuguese - Note 36)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>OPERATING ACTIVITIES:</u>			
Cash receipts from customers		226,047,989	221,464,605
Cash paid to suppliers		(108,474,764)	(108,926,404)
Cash paid to employees		(39,860,074)	(40,764,504)
Net cash from operating activities		<u>77,713,151</u>	<u>71,773,697</u>
Recovery/(payment) of income tax	11	(83,283)	308,932
Other cash paid relating to operating activities		(42,661,145)	(42,563,564)
Net cash from operating activities (1)		<u><u>34,968,723</u></u>	<u><u>29,519,065</u></u>
<u>INVESTING ACTIVITIES:</u>			
Cash received relating to:			
Sale of investments held in associates	27	1,286,000	1,286,003
Sale of tangible fixed assets and intangible assets		5	8,422
Interest and similar income		2	-
		<u>1,286,007</u>	<u>1,294,425</u>
Cash paid relating to:			
Business combinations and liquidation of associates		-	-
Acquisition of tangible fixed assets		(3,909,215)	(5,854,046)
Acquisition of intangible assets		(471,328)	(564,222)
		<u>(4,380,543)</u>	<u>(6,418,268)</u>
Net cash used in investing activities (2)		<u><u>(3,094,536)</u></u>	<u><u>(5,123,843)</u></u>
<u>FINANCING ACTIVITIES:</u>			
Cash received relating to:			
Borrowings	22	<u>176,257,803</u>	<u>137,765,231</u>
Cash paid relating to:			
Borrowings	22	(186,204,917)	(141,400,074)
Payment of principal on finance lease contracts	22	(362,681)	(398,053)
Interest and other similar expenses	22	(2,734,516)	(3,397,168)
Dividends	21	(18,592,900)	(17,747,768)
Other financial expenses	22	(149,577)	(155,285)
		<u>(208,044,591)</u>	<u>(163,098,348)</u>
Net cash used in financing activities (3)		<u><u>(31,786,788)</u></u>	<u><u>(25,333,117)</u></u>
Cash and cash equivalents at the beginning of the year	20	294,327	1,234,906
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		87,399	(937,895)
Effect of exchange differences		488	(2,684)
Cash and cash equivalents at the end of the year	20	382,214	294,327

The accompanying notes form an integral part of the consolidated cash flow statement
for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated financial statements originally issued in Portuguese - Note 36)

	<u>Capital (Note 21)</u>	<u>Reserves (Note 21)</u>	<u>Consolidated net profit for the year</u>	<u>Total equity</u>
Balance at 31 December 2016	89,583,971	30,259,377	19,100,862	138,944,210
Appropriation of net profit for the year:				
Appropriation to reserves (Note 21)	-	1,353,094	(1,353,094)	-
Distribution of dividends (Note 21)	-	-	(17,747,768)	(17,747,768)
Exchange rate differences	-	458,265	-	458,265
Consolidated net profit for the year	-	-	19,787,029	19,787,029
Balance at 31 December 2017	<u>89,583,971</u>	<u>32,070,736</u>	<u>19,787,029</u>	<u>141,441,736</u>
Impact of the adoption IFRS 9 (Note 3)	-	(739,118)	-	(739,118)
Appropriation of net profit for the year:				
Appropriation to reserves (Note 21)	-	19,787,029	(19,787,029)	-
Exchange rate differences	-	(163,449)	-	(163,449)
Consolidated net profit for the year	-	-	21,573,126	21,573,126
Distribution of dividends (Note 21)	-	(18,592,900)	-	(18,592,900)
Balance at 31 December 2018	<u>89,583,971</u>	<u>32,362,298</u>	<u>21,573,126</u>	<u>143,519,395</u>

The accompanying notes form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

1. INTRODUCTORY NOTE

Grupo Média Capital, SGPS, S.A. (“Media Capital” or “the Company”) is a corporation founded in 1992 and has its head office in Portugal, in Rua Mário Castelhanos, nº 40, Barcarena. It is registered in the Commercial Registry Office of Cascais under the corporate entity number 502 816 481 and, through its subsidiaries and associated companies (“the Group” or “Grupo Media Capital”), operates in the sectors of broadcasting and production of television programs and other media business, in the production and broadcasting of radio programs and in the production and exploitation of cinema and video sectors.

The Company’s main shareholder is Vertix, SGPS, S.A. (“VERTIX”), which has its head office in Barcarena, and the Group’s consolidated financial statements are included in the consolidated financial statements of Promotora de Informaciones, S.A. (“Prisa”), the parent company of VERTIX, with head office in Madrid, which has its shares listed in the Spanish stockmarket.

The accompanying financial statements were approved by the Board of Directors on 22 February 2019 and will be subject to approval by the Shareholders’ General Meeting on a date to be convened in accordance with the law and the statutes.

Media Capital’s shares are listed at Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. stock exchange.

The Group operates essentially in the media sector in Portugal, Spain and America.

Under its television operating licence, TVI – Televisão Independente, S.A. (“TVI”) broadcasts television programs through a generalist broadcasting channel. In addition, through distribution contracts signed with TV operators, TVI broadcasts the generalist channel, the channels TVI 24, TVI Ficção, TVI Internacional, TVI Reality and TVI África. Also, TVI sells fiction TV contents produced by the Group.

MCP – Media Capital Produções, S.A. (“MCP”) is the Group Company that operates in the audiovisual production business through Plural Entertainment Portugal, S.A. (“PLURAL”) in the Portuguese market. Its operations consist in the creation, production, realization and exploitation of television contents, as well as in the support of production of contents and events.

In addition, MCP owns Plural Entertainment España, S.A. (“Plural España”), which operates in the Spanish and American markets. Its operations in this area are the production, production support services and the realization and development of television contents, cinema and audiovisual works, as well as other related services.

MCR II – Media Capital Rádios, S.A. (“MCR II”) is the Group company that operates in the radio business. Its subsidiaries have licenses to operate in the radio broadcasting business in Portugal, through “Rádio Comercial”, “M80” and “Cidade”, among others.

Media Capital Digital, S.A. (“Digital”) is the company that operates in the Internet business, which is supported by the www.iol.pt portal which has an extensive network of own contents, an extensive directory of classified information and online advertising.

MCME – Media Capital Música e Entretenimento, S.A. (“MCME”) is the company that operates in the music business. Its subsidiaries operate in the production of phonograms, audiovisual and multimedia production, in the purchase and sale of records and similar items, and in the production of events and agency of artists.

CLMC – Multimédia, Unipessoal, Lda. (“CLMC”) operates in the acquisition and distribution of cinematographic rights, essentially in areas such as cinema and television.

Grupo Media Capital’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

Except for the impacts of the adoption of IFRS 9 and IFRS 15, described in Note 3, which are mandatory for years beginning on or after 1 January 2018, the accounting policies used in the year ended 31 December 2018 are consistent with those used for the preparation of the consolidated financial statements for the year ended 31 December 2017.

Additionally, there were no other significant changes on the main estimates used by the Group in the preparation of the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 4).

The Board of Directors evaluated the Group's ability to operate on a continuous basis, based on all relevant information, facts and circumstances of financial, commercial and other natures, including all known subsequent events occurred after the consolidated financial statement's reference date. As a result of the evaluation made (Note 34), the Board of Directors concluded that the Group has adequate resources to maintain its activities and fully comply with its obligations, with no intention to terminate them in the short term, and considered appropriate to use the assumption of continuity of operations in the preparation of the consolidated financial statements.

The foreign currency financial statements of the consolidated companies were translated to Euros as explained in Note 2.14.

2.2 Consolidation principles

The consolidation methods used by the Group were as follows:

a) Controlled companies

Investments in controlled companies, defined as companies in which the Group (i) directly or indirectly holds more than 50% of the voting rights at Shareholders' General Meetings, or has the power to control their financial and operating policies (control definition adopted by the Group); (ii) is exposed to or has variable rates of return on its involvement in the operations of the subsidiary; or (iii) has the ability to use its voting rights to affect its return, were included in the consolidated financial statements by the full consolidation method. Equity and net profit or loss of these companies corresponding to third party participation in them, if applicable, are reflected separately in the consolidated statements of financial position and consolidated statements of profit and loss in the caption "Non-controlling interest". The companies included in the consolidation are listed in Note 4.

Assets, liabilities and contingent liabilities of controlled companies acquired as from 1 January 2004 are recorded at fair value as of the acquisition date. Any excess of cost over the fair value of the net assets acquired is recognized as goodwill (Note 2.3.). If the difference between cost and the fair value of the net assets acquired is negative, it is recognized in results for the year. Non-controlling interests are recognized in proportion to the fair value of the identified assets and liabilities.

The results of subsidiaries acquired or sold during the period are included in the consolidated statement of profit and loss as from the date of their acquisition, or up to the date of loss of control.

Whenever necessary, adjustments are made to the financial statements of subsidiaries for them to conform to the Group's accounting policies. Transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

b) Associated companies

Investments in associated companies (those in which the Group has significant influence but does not have direct or joint control – generally investments representing participations of between 20% and 50% or in which it has the right to appoint members of the respective management boards) are recorded in accordance with the equity method of accounting.

In accordance with the equity method, investments are initially recognized at cost of acquisition and adjusted periodically by the amount corresponding to the participation in the net profit or loss of

associated companies, by corresponding entry to financial gain or loss on investments, and by other changes in the assets and liabilities acquired. In addition, participations can be adjusted to recognize impairment losses.

Losses in associated companies exceeding the investment in them are not recognized, except where the Group has assumed commitments to such companies or to its creditors.

Periodic valuations are made of investments in associated companies to determine if there are impairment losses. Such impairment losses are recognized as cost in the period in which they occur.

Gains or losses on the sale or settlement of investments held in associates resulting from the difference between the fair value of the financial investment (sale price) and its net book value determined by the equity method are recorded in the statement of income as of the date of transfer Risks and benefits associated with their ownership.

c) Investments in other companies

Equity investments in which the Group does not have significant influence and for which there are no market references, are stated at the lower of cost or estimated realizable value and recognized in the caption "Available-for-sale financial assets".

2.3 Goodwill

Goodwill represents the excess of cost over the Group's interest in the fair value of the identifiable assets and liabilities of controlled companies as of the date of acquisition, in accordance with IFRS 3 – Business Combinations. Due to exemption provided by IFRS 1, the Group applied the disposals of IFRS 3 only for acquisitions after 1 January 2004. Goodwill on acquisitions prior to 1 January 2004 has been maintained rather than being recalculated in accordance with IFRS 3 and is subject to annual impairment tests as from that date.

In compliance with IFRS 3, goodwill is not amortised, but is subject to annual impairment tests or whenever there is evidence of impairment. Impairment losses are recorded in the statement of profit and loss for the year. Such impairment losses cannot be reversed.

For purposes of determining impairment losses, goodwill is allocated to the cash-generating units (or Group of cash generating units, with the limited on the operating segment based on IFRS 8 – Operating segments) that are expected to benefit from the synergies resulting from the acquisition of the investments or from the combination of business activities. Impairment tests of each operating segment are carried out annually or whenever the need is identified. If the recoverable amount of the operating segment is less than its book value, the impairment loss is allocated first to goodwill and then to the book value of the assets of the segment in proportion to their value.

Goodwill is included in determining the gain or loss on the sale of investments in controlled and associated companies.

2.4 Intangible assets

Intangible assets are recorded at cost discounted of accumulated amortisation and, when applicable, impairment losses. Intangible assets are only recognized when it is probable that they will generate future financial benefits, they are controllable and their value can be reasonably determined.

Intangible assets of defined useful life are amortized on a straight line basis as from the date they are available for use, in accordance with the estimated period of useful life in which the intangible assets generate future economic benefits, which are as follows:

	<u>Years</u>
Radio broadcasting rights, licenses and trademarks	3 - 20
Computer programs	3 - 4
Others	3 - 5

Intangible assets acquired as a result of business combinations are recognized separately from goodwill and initially measured at fair value as of the date of their acquisition (which is considered its cost of acquisition).

Intangible assets acquired or transactions that do not consist of business concentrations are recorded at cost in accordance with IFRS 3.

2.5 Tangible fixed assets

Tangible fixed assets are recorded at cost discounted of accumulated depreciation and, when applicable, impairment losses.

Cost includes the purchase price, plus any related purchase costs. Additionally, when applicable, purchase price includes the financing costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to be available for use.

Estimated losses resulting from the replacement of equipment before the end of their useful life, due to technological obsolescence, are expensed in the period they occur.

Current maintenance and repair costs are recorded as expenses when incurred. Significant costs incurred to renew or improve tangible fixed assets, are capitalized and depreciated over the estimated period to recover such costs, when it is probable that future financial benefits which can be reliably measured will be generated by the asset.

Tangible fixed assets in progress are recorded at cost and start being depreciated when the assets are ready for their intended use. Gains or losses arising on the sale of tangible fixed assets, which are determined by the difference between the sales proceeds and the book value of the assets, are recognized in the statement of profit and loss captions "Other operating revenue" or "Other operating expenses", respectively.

The cost of such assets, discounted of their residual value where this can be estimated reliably, is depreciated on a straight-line basis over their estimated useful lives, defined based on their expected use, as from the month they are available for use.

The depreciation rates used correspond to the following average periods of useful life:

	<u>Years</u>
Buildings and other constructions	10 - 20
Machinery and equipment	6 - 15
Transport equipment	4
Administrative equipment	3 - 8
Other tangible fixed assets	3 - 10

2.6 Leases

(a) Finance leases

Fixed assets acquired under lease contracts are recognized as assets under finance lease where substantially all the risks and benefits of their ownership are transferred. Such assets are recorded at the lower of the present value of the future lease instalments or the market value of the asset as of the date of the contract, by corresponding entry to the liability caption "Borrowings". Such assets are depreciated over their estimated periods of useful life, the principal of the lease instalments paid is recognized as a decrease in the liability and the interest is recognized in the statement of profit and loss for the period to which it corresponds.

(b) Operating leases

Where lease contracts are classified as operating leases, the lease instalments due are expensed on a straight-line basis over the period of the lease contract.

2.7 Television program broadcasting rights

Television program broadcasting rights correspond to contracts or agreements entered with third parties for the exhibition of films, series and other television programs and include rights acquired and costs incurred with the Group's production of soap operas and other programs. The cost of broadcasted programs is recognized in the statement of profit and loss in the moment that programs are broadcasted, considering the estimated number of exhibitions on the generalist channel explored by the Group and the estimated benefits of each exhibition expected on the moment of initial recognition.

Such assets are subject to annual impairment tests and whenever changes or situations occur that indicate that their book value exceeds their recoverable amount, in accordance with the expiration date of the acquired rights, the number of exhibitions considered, the expected exhibition strategy, the ageing and adequacy of the content to the Group's commercial objectives and the expected pattern of future economic benefits, being the corresponding impairment losses recognized, when applicable.

Broadcasting rights acquired from third parties are recorded as assets at cost of acquisition, when the Group controls the rights and the cost of each content is known or reasonably estimated, the content is available for display, and the Group has assumed the risks and benefits relating to their content. These rights are presented under current and non-current assets on the consolidated statement of financial position, based on their contractual period of exhibition and the estimated date of exhibition.

Previously to its recording in the consolidated statement of financial position, the television program broadcasting rights are classified as programs not yet available to exhibition, and disclosed as financial commitments assumed and not yet included in the statement of financial position. Information regarding financial commitments assumed for the acquisition of these rights, not included in the Group's consolidated statement of financial position, is presented in Note 28.

2.8 Classification in the statement of financial position

Assets realizable and liabilities payable, for which the Company does not have the unconditional right to defer payment for more than twelve months as from the date of the statement of financial position, that are expected to be realized in the normal course of operations, or are held with the intention of being traded, are classified as current assets and liabilities. All other assets and liabilities are classified as non-current.

2.9 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognized when the Group becomes a contractual party of the respective instrument that gives the Group the right or obligation to receive or pay a certain amount to a third party.

2.9.1 Trade and other receivables and other current assets

Trade and other receivables and other current assets are recognized at amortized cost, using the effective interest rate, or at its nominal value, which is understood to correspond to the amortized cost, to the extent that it is expected to be received in the short term and that it does not significantly differ from its fair value at the date of the engagement, less any impairment losses. Impairment losses are recognized when there is evidence that all the amounts due will not be collected in accordance with the terms originally established to settle the receivables. The amount of the loss corresponds to the difference between the amount recorded and the estimated amount recoverable. The impairment loss is recognized in the statement of profit and loss of the period, in which such constitution occurs.

In accordance with the expected simplified approach, the Group recognizes the lifetime expected impairment losses for the economic life of trade accounts receivable, other accounts receivable and other current assets. The expected losses on these financial assets are estimated using an impairment matrix based on the Group's historical experience of impairment losses, affected by specific factors of the borrowers, the general economic conditions and an assessment of the current and prospective circumstances at the date of financial reporting, including the time value of money, when appropriate.

For the remaining financial instruments where the simplified approach is not adopted, the Group recognizes expected lifetime impairment when there is a significant increase in its credit risk after

initial recognition. However, in particular, regarding to Accounts receivable from related party, if there is no increase in the credit risk of the respective financial instrument, the Group measures the impairment loss of that instrument for an amount equivalent to the expected losses in the twelve-month period ("12 months expected credit losses").

The lifetime expected losses represent the impairment losses that result from all possible default events in the expected life of the financial instrument. In contrast, expected 12-month losses represent the portion of lifetime losses that are expected to result from default events in the financial instrument and are considered likely to occur twelve months after the financial reporting date.

Measurement and recognition of expected credit losses

The measurement of expected impairment losses reflects the estimated probability of default, the probability of loss due to that default (i.e. the magnitude of the loss if a default occurs) and the Group's actual exposure to that default.

The valuation of the probability of default and loss due to this default is based on existing historical information, adjusted for future forward information as described above.

As for the exposure to the default, for financial assets, it is represented by the gross book value of the assets at each reporting date. For financial assets, the expected impairment loss is estimated as the difference between all contractual cash flows due to the Group as agreed between the parties and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognizes gains and losses relating to impairment in the income statement for all financial instruments, with the corresponding adjustments to their book value through the accumulated impairment losses account in the statement of financial position.

Note 34 presents in detail the definitions and policies followed by the Group in determining a significant increase in credit risk, a default event, the recognition of impairment losses and the write-off policy.

2.9.2 Cash and cash equivalents

"Cash and cash equivalents" comprise cash on hand and demand and term deposits and other treasury applications that are readily convertible to cash with an insignificant risk of change in value.

2.9.3 Trade and other payables and other current liabilities

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost, discounted for possible interest calculated and recognized in accordance with the effective interest rate method.

2.9.4 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods borrowings are recognized at amortized cost, any difference between the amounts received (net of transaction costs) and the amounts payable being recognized in the statement of profit and loss over the period of the borrowings, using the effective interest rate method.

Borrowings are classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for more than twelve months as from the statement of financial position date.

2.9.5 Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at their acquisition cost, which corresponds to the fair value of the price paid including transaction costs and are considered as non-current assets.

After initial recognition, available-for-sale financial assets are restated to fair value by reference to their market value as of the statement of financial position date. Where such assets correspond to equity instruments not listed on regulated markets and where it is not possible to reliably estimate their fair value, they are maintained at cost discounted of any impairment losses.

2.10 Revenue recognition and accruals basis

Sales are recognized in the statement of profit and loss when the risks and rewards of ownership of the assets are transferred to the buyer and the amount of revenue can be reasonably quantified. Returns of goods sold are recorded as reductions in sales in the period to which they relate.

The group recognizes revenue from diversified business activities:

- Advertising and multimedia services: The business of selling advertising on television, radio or digital media incorporates a single performance obligation that is fulfilled at the time of the exhibition or diffusion of the respective advertiser's campaigns on the respective communication channel. The advertising revenue resulting from television advertising campaigns depends on the measurement and profile of the audiences and the conditions agreed for the respective commercial targets, as well as the bonus discounts granted according to the advertising investment made by the clients. The bonuses granted are recorded in the period to which they relate as a reduction of the services rendered with which they are related. The same applies to multimedia services related to television competitions, whose obligation of performance of the Group is, for the consideration of the call made, to grant access to the interactive competitions to which the interactive service relates. It is considered that the timing of recognition of the single performance obligation of each of those services occurs at a specific point in time, when the control of the services rendered is transferred to the client.

- Signal delivery of television channels: For the agreements with operators to grant the signal of the Group's channels, it is understood that there are separate performance obligations when such agreements provide, apart from the transfer of the signal, other commitments such as the sale of advertising or additional remuneration for agreed compensations. Accordingly, the Group considers that, when they exist, those obligations are satisfied at a particular point in time, with the exception of the transfer of the signal that is satisfied during the period of its transmission by the operator. When not separable from the signal delivery, all amounts are recognized linearly by the period of the transfer of the contracted signal.

- Production services: correspond essentially to production services and support to the production of television series and sport events, advertising commercials and other contents, which are recognized when the services are rendered, with reference to their stage of completion.

- Revenue from multimedia services corresponds essentially to revenue from interactive services and multimedia relating to television contests carried out and is recognized in the period to which it relates.

Costs and revenue are recognized in the period to which they relate, regardless of the date they are paid for or received. Estimates of costs and revenue are made when these are not fully known.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation resulting from past events, it is probable that the Group has to spend resources to settle the obligation and the amount of the obligation can be reliably estimated.

The amount is recognized in accordance with the best estimate of the amount necessary to pay to extinguish the present obligation, taking into account the risks and uncertainties being measured at discounted value using the effective interest rate method, considering the estimated time of settling the liability, determined in accordance with the information available at the date of the financial statements.

The amount of provisions is reviewed and adjusted at each statement of financial position date to reflect the best estimate at the time. When any of the above mentioned conditions are not met, the provision is not recorded and a contingent liability is disclosed, unless an outflow of funds affecting future financial benefits is evaluated as remote, in which case no disclosure is made.

Contingent assets are not recognized in the consolidated financial statements, being disclosed when it is probable that there will be a future financial inflow of resources.

2.12 Impairment of non-current assets, except goodwill

Impairment analyses are made at each statement of financial position date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

Whenever the book value of an asset exceeds its recoverable amount an impairment loss is immediately recognized in the statement of profit and loss.

The recoverable amount is the higher of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, discounted of the costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows resulting from continued use of the asset and its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior periods are reversed when it is concluded that such losses no longer exist or have decreased. This review is made whenever there are indications that the impairment recognized earlier no longer exists. Impairment losses are reversed by corresponding entry to the statement of profit and loss.

2.13 Income tax

Income tax for the period consists of current tax and deferred tax.

The Group estimates income tax in accordance with the Special Regime for Taxation of Groups of Companies (Regime Especial de Tributação de Grupos de Sociedades – “RETGS”), which covers all the companies in which the dominating company has a direct or indirect participation of at least 75% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to the general corporation income tax regime (Imposto sobre o Rendimento das pessoas Coletivas – “IRC”), as well as the existence or not of tax losses carried forward from periods prior to inclusion in the regime. In the years ended 31 December 2018 and 2017 VERTIX was the dominant entity for consolidated corporation income tax purposes (RETGS).

Deferred taxes are calculated based on timing differences between the amount of assets and liabilities for accounting and for tax purposes and tax losses carried forward. Deferred tax assets and liabilities are calculated and assessed periodically at the tax rates in force or announced to be in force on the dates the timing differences are expected to reverse.

Deferred tax assets are only recognized when there is a high degree of expectation that there will be sufficient future taxable profits to use them or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At each statement of financial position date a review is made of such deferred taxes, these being reduced whenever their future use is no longer probable.

Deferred taxes are recorded as cost or income for the year, except when they result from amounts recorded directly in equity, in which case the deferred taxes are also recognized in equity.

2.14 Foreign currency balances and transactions

Foreign currency transactions are translated to Euros at the exchange rates as of the dates of the transactions. At each statement of financial position date assets and liabilities are adjusted using the exchange rates in force as of those dates. The resulting exchange differences are recognized in the statement of profit and loss for the period to which they relate.

The foreign currency financial statements of subsidiaries are translated to Euros at the following rates of exchange, the resulting exchange differences being recognized in the equity account “Reserves” related to exchange differences, and are recognized in the statement of profit and loss when such companies are sold.

- (a) Rate of exchange as of the statement of financial position date, for the translation of monetary assets and liabilities;
- (b) Average exchange rate for the year for the translation of the profit and loss statement captions;
- (c) Historical exchange rate for the conversion of equity captions;
- (d) Average exchange rate for the year for the translation of the cash flow statement captions;

Exchange gains and losses arising from differences between the exchange rates prevailing on the dates of the transactions and those in force on the dates of collection, payment or on the date of the statement of financial position are recorded in the consolidated statement of profit and loss for the period.

2.15 Subsequent events

Events occurring after the statement of financial position date that provide additional information on conditions that existed as of that date, are reflected in the consolidated financial statements. Events occurring after the statement of financial position date that provide additional information on the conditions that existed after that date, if material, are disclosed in the notes to the consolidated financial statements.

2.16 Financial costs

The net cost of financing attributable to the acquisition, construction or production of assets that qualify that require a substantial period of time to become available for use are recorded as part of their cost up to that date. The remaining financial costs are recognized in the statement of profit and loss when they occur.

3. CHANGES IN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Except for the impact of the admission of new standards and interpretations or changes that enter into force for the fiscal years beginning at 1 January 2018, during the fiscal year of 2018 there were no changes in the accounting policies, compared to those used in the preparation of financial information consolidated in 2017, in accordance with IFRS rules, nor have been recognized material errors relating to previous periods.

Amendments to IFRS of mandatory application in 2018

The following standards, interpretations, amendments and revisions endorsed by the European Union are mandatory for the year ended 31 December 2018:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRS 9 - Financial Instruments	1-Jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities, the methodology for estimating impairment and the application of hedge accounting rules.
IFRS 15 - Revenue from Contracts with Customers	1-Jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts settled with clients, replacing IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Direct exchange transactions involving advertising services.
IFRS 15 Revenue from Contracts with Customers, clarifications	1-Jan-18	These amendments introduce several clarifications in order to eliminate the possibility of divergent interpretations of various issues.
Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	1-Jan-18	This amendment provides guidance on the application of IFRS 4 in combination with IFRS 9. IFRS 4 Insurance Contracts will be superseded by IFRS 17.
Amendment to IFRS 2: Classification and measurement of share payment transactions	1-Jan-18	This amendment clarifies that a change in classification of or for investment property should only be made when there is evidence of a change in the use of the asset.

Improvements to international financial reporting standards (cycle 2014-2016)	1-Jan-18 except for the amendments to IFRS 12, whose application date is January 1, 17	These improvements involve the clarification of some aspects related to: IFRS 1 - First-time adoption of international financial reporting standards: eliminates some short-term exemptions; IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the rule regarding its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in associates and joint ventures: introduces clarifications on the fair value measurement by results of investments in associates or joint ventures held by venture capital companies or by investment funds.
IFRIC 22 - Transactions in foreign currency including advances for purchase of assets	1-Jan-18	This interpretation establishes the date of the initial recognition of the advance or deferred income as the date of the transaction for the purpose of determining the exchange rate of recognition of revenue.
Amendment to IAS 40: Transfers of investment property	1-Jan-18	This amendment clarifies that a change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset.

IFRS 9 – Financial Instruments

In the year ended at 31 December 2018, the Group applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRS Standards that are effective for periods beginning on or after 1 January 2018.

The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group elected that option in the adoption and did not restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognized as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018.

Comparative amounts in relation to instruments that continue to be recognized as at 1 January 2018 have not been restated.

All financial assets of the Group recognized and within the scope of IFRS 9 are measured at amortized cost or at fair value on the basis of the entity's business model to manage its financial assets and according to the characteristics of the contractual cash flows of each entity financial asset. In the case of the Group, financial assets are subsequently measured at amortized cost.

The Board of Directors reviewed and evaluated the financial assets existing at 1 January 2018, based on the facts and circumstances that existed at that date, and concluded that the initial application of IFRS 9 had no impact on the classification and measurement of the Group's financial assets. In particular, financial assets mainly relate to trade accounts receivable and other accounts receivable from third parties that are measured at amortized cost under IAS 39 and will continue to be measured at amortized cost under IFRS 9, since they are held in scope of the Group's business model with a view to its normal collection in accordance with the contractually established terms for its cash flows.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9, as referred to in Note 2.9, requires an expected credit loss model, differently to an incurred credit loss model under IAS 39.

As the Group decided not to restate comparatives, it was not necessary to carry out any credit risk assessment of financial assets on a date other than 1 January 2018. Therefore, at 1 January 2018, the Group recognized an impairment loss against retained earnings, net of the respective deferred tax asset effect, which resulted in an equity decrease in the amount of 739,118 Euros, as follows:

	<u>01-01-2018</u>
Impairment losses recognized (Note 18)	908.960
Deferred tax assets recognized (Note 11)	<u>(169.842)</u>
	<u>739.118</u>

The additional credit loss allowance has been recognized against the respective asset.

The reconciliation between the ending provision for impairment in accordance with IAS 39 and the provision in accordance with IAS 37 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments in 1 January 2018 is disclosed in their respective notes.

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements which are presented in Note 34.

(c) Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

The application of IFRS 9 has had no impact on the Group's consolidated cash flows. Similarly, as the year 2017 was not restated, there were no impacts of the application of IFRS 9 on the reported basic and diluted earnings per share.

IFRS 15 – Contracts with customers

Regarding the implementation of IFRS 15 - Revenue from contracts with clients, which replaced IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Direct exchange transactions involving advertising services were evaluated and recognized, with effects reported at 1 January 2018.

IFRS 15 combines more information on the treatment applied to more specific scenarios. Details of the new requirements, as well as their impact on the Group's consolidated financial statements, are presented below.

The Company has applied the simplified retrospective transition method on the transition date, which did not create impacts at 1 January 2018 or in the consolidated income statement for 2017 presented for comparative purposes. In addition, it has used the practice files for completed and modified contracts and for disclosures relating to performance obligations yet to be met and recognition of revenue presented before the initial application date, i.e., 1 January 2018.

IFRS 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as ‘accrued revenue’ and ‘deferred revenue’. However the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has not adopted the terminology used in IFRS 15 to describe such balances, not changing any caption of the consolidated financial statements.

The Group’s accounting policies for its revenue streams are disclosed in detail in Note 2 above.

The Board of Directors evaluated the different revenue streams referred to in Note 2 and, in addition to the more extensive disclosure requirements required by IFRS 15 for recognized transactions, concluded that the main impact arising from the implementation of referred IFRS concerns the presentation of transactions relating to Multimedia Services and certain services related to advertising. As the Group concluded that it has control of these services, which, in accordance with IFRS 15, determines that the Group has the position of principal of the transactions, has recorded separately the revenue and its expenses. As envisioned in IFRS 15, the Group no longer considers credit risk in this evaluation, in contrast to IAS 18.

The impacts of the referred adoption are described in these notes to financial statements, in particular in Notes 5, 6 and 8.

In addition, there were no other significant changes in the main estimates used by the group in the preparation of the consolidated financial statements.

Relevant estimates in the preparation of the consolidated financial statements

In preparing the consolidated financial statements, the Board of Directors was based on the knowledge and experience of past and/or current events and assumptions relating to future events to determine the accounting estimates.

The most significant accounting estimates, reflected in the consolidated financial statements for the year ended 31 December 2018, included:

- Useful lives of tangible fixed assets and intangible assets;
- Analysis of impairment of goodwill and other non-current assets;
- Recognition of provisions;
- Estimate of quantity discounts and bonuses to be granted relating to advertising; and
- Recognition of spending on transmission rights, related to own production.

These estimates were determined based on the best information available at the date of preparation of the consolidated financial statements. However, and given the number of qualitative factors involved, events may occur in subsequent periods that, due to their timing, were not considered in these estimates. Significant changes to these estimates that occur after the date of the consolidated financial statements are recorded in profit or loss prospectively in accordance with IAS 8.

New IFRS or revised IFRS adopted with mandatory application in future years

The following standards, interpretations, amendments and revisions, with mandatory application in the coming years, were, as of the date of approval of these financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 16 – Lease	1-Jan-19	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - L. The standard provides a single lessee accounting requiring lessees to recognise assets and liabilities unless the lease term is 12 months or less; underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS

		approach to lessor accounting substantially uncl from its predecessor, IAS 17.
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1-Jan-19	This amendment allows financial assets with contractual conditions which, in their early amortization, allow the payment of a considerable amount by the creditor, can be measured at amortized cost or at fair value for reserves (depending on the business model), since that: (i) on the date of the initial recognition of the asset, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation in the early amortization is the only reason for the asset in question to be not considered as an instrument that only includes payments of principal and interest.
IFRIC 23 - Uncertainty over Income Tax Treatments	1-Jan-19	This interpretation provides guidance on the determination of taxable income, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the treatment of income tax.

These standards were not adopted by the Group in 2018, since their application is not mandatory. As a result of the application of these standards, are expected the following impacts:

IFRS 16 – Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019.

The Group has chosen the simplified retrospective application of IFRS 16 in accordance with IFRS 16.C3(b), C7 and C8. Consequently, the Group will not restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

- a) Recognize right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortized as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of 12,119,000 Euros (Note 29).

A preliminary assessment indicates that 10,936,000 Euros of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognize a right-of-use asset of 7,185,000 Euros and a corresponding lease liability of the same amount in respect of all these leases. The impact on profit and loss is to decrease Other expenses by 2,178,000 Euros, to increase depreciation by 2,360,000 Euros and to increase interest expense by 149,000 Euros.

The preliminary assessment indicates that 1,183,000 Euros of these arrangements relate to short-term leases and leases of low-value assets.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities by 2,560,000 Euros and to increase net cash used in financing activities by the same amount.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 31 December 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognized in the Group's consolidated financial statements.

Other standards

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRS 17 - Insurance Contracts	1-Jan-21	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Annual Improvements to IFRS Standards 2015–2017 Cycle	1-Jan-19	These improvements involve the clarification of some aspects related to: IFRS 3 - Concentration of business activities: when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business; IFRS 11 - Joint ventures: clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business; IAS 12 - Income Tax: clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises; IAS 23 - Borrowing costs: clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1-Jan-19	This amendment clarifies that IFRS 9 should be applied (including related impairment requirements) to investments in associates and joint ventures when the equity method is not applied in their measurement.
Amendments to IAS 19: Change in Plan, Restriction or Settlement	1-Jan-19	If a plan amendment, cut or settlement occurs, it is now mandatory that the current service cost and net interest for the period after remeasurement are determined using the assumptions used for remeasurement. In addition, amendments were included to clarify the effect of a change, reduction or settlement of the plan on the asset ceiling requirements.
Amendments to references to the Framework in IFRS	1-Jan-20	It corresponds to amendments in several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 e SIC 32) in relation to references to the Revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and liability and new guidance on measurement, derecognition, presentation and disclosure.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 36)

Amendment to IFRS 3 - Business Definition	1-Jan-20	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition also clarifies the output definition of a business as a supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-20	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.

These standards have not yet been endorsed by the European Union and as such were not applied by the Group in the year ended 31 December 2018.

For these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, the Board of Directors does not consider that significant impacts on the consolidated financial statements will arise from their future adoption.

4. COMPANIES INCLUDED IN THE CONSOLIDATION

The companies included in the consolidation by the full consolidation method, their head offices and the proportion of capital effectively held in them at 31 December 2018 and 2017 are as follows:

Company	Head office	Consolidation method	Effective participation percentage held	
			2018	2017
Grupo Media Capital, SGPS, S.A.	Barcarena	Global	Mother	Mother
MEGLO - Media Global, SGPS, S.A. ("MEGLO")	Barcarena	Global	100	100
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	Barcarena	Global	100	100
CLMC – Multimedia, Unipessoal, Lda. ("CLMC")	Barcarena	Global	100	100
MCR II - Media Capital Rádios, S.A. ("MCR II")	Barcarena	Global	100	100
R. CIDADE – Produções Audiovisuais, S.A. ("CIDADE")	Lisboa	Global	100	100
Flor do Éter Radiodifusão, Lda. ("Flor do Éter")	Lisboa	Global	100	100
Drums Comunicações Sonoras, S.A. ("Drums")	Lisboa	Global	100	100
RVA - Rádio Voz de Alcanena, Lda. ("Rádio Voz de Alcanena")	Lisboa	Global	100	100
R2000 Comunicação Social, Lda. ("R2000")	Lisboa	Global	100	100
RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. ("REGIONAL")	Lisboa	Global	100	100
Rádio Litoral Centro - Empresa de Radiodifusão, Lda. ("Rádio Litoral Centro")	Lisboa	Global	100	100
Leirimédia Produções e Publicidade, Lda. ("Leirimédia")	Lisboa	Global	100	100
BEIRAS FM - Radiodifusão e Publicidade, Unipessoal, Lda. ("BEIRAS FM")	Lisboa	Global	100	100
P.R.C. - Produções Radiofónicas de Coimbra, Lda. ("P.R.C.")	Lisboa	Global	100	100
Polimedia - Publicidade e Publicações, Lda. ("Polimedia")	Lisboa	Global	100	100
Moliceiro - Comunicação Social, Lda. ("Moliceiro")	Lisboa	Global	100	100
Notimaia-Publicações e Comunicações, Unipessoal, Lda. ("Notimaia")	Lisboa	Global	100	100
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	Lisboa	Global	100	100
Rádio XXI, Lda. ("XXI")	Lisboa	Global	100	100
Rádio Nacional - Emissões de Radiodifusão, Unipessoal, Lda. ("Rádio Nacional")	Lisboa	Global	100	100
Rádio do Concelho de Cantanhede, Lda. ("Rádio Concelho de Cantanhede")	Lisboa	Global	100	100
Sirpa - Sociedade de Imprensa Rádio Paralelo, Lda. ("Sirpa")	Lisboa	Global	100	100
COCO - Companhia de Comunicação, Unipessoal, Lda. ("COCO")	Lisboa	Global	100	100
R.C. - Empresa de Radiodifusão, Unipessoal, Lda. ("RC")	Lisboa	Global	100	100
MCME - Media Capital Música e Entretenimento, S.A. ("MCME")	Barcarena	Global	100	100
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	Barcarena	Global	100	100
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	Barcarena	Global	100	100
TVI – Televisão Independente, S.A. ("TVI")	Barcarena	Global	100	100
MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL")	Barcarena	Global	100	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Barcarena	Global	100	100
MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	Barcarena	Global	100	100
PLURAL Entertainment Portugal, S.A. ("PLURAL")	Barcarena	Global	100	100
NBP – Ibérica - Producciones Audiovisuales, S.A.	Madrid (ESP)	Global	100	100
CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. ("CASA DA CRIAÇÃO")	Barcarena	Global	100	100
EMAV – Empresa de Meios Audiovisuais, Lda. ("EMAV")	Barcarena	Global	100	100
EPC – Empresa Portuguesa de Cenários, Unipessoal, Lda. ("EPC")	Barcarena	Global	100	100
PLURAL Entertainment España, S.L. ("PLURAL España")	Madrid (ESP)	Global	100	100
PLURAL Entertainment Inc. ("PLURAL Entertainment")	Miami (EUA)	Global	100	100
TESELA Producciones Audiovisuales, S.L. ("TESELA")	Madrid (ESP)	Global	100	100

5. SEGMENT REPORTING

The Group identifies its reporting segments based essentially on the combination of the differences in the nature of the production processes, type of client and management of the resources available and is consistent with the manner in which the Board of Directors manages and controls the business.

Therefore, the Group has the following reporting segments:

a) Television

The television segment involves fundamentally broadcasting by one generalist TV channel (TVI) and the broadcasting of by cable of thematic channels, as well as results of the programs exhibited, interactive services related to competitions made on television and commercialization of fictional content produced by the Group.

b) Production

The Production segment refers to the production, realization and audiovisual distribution and the production of programs / series and television programs, made and/or broadcast in Portugal and Spain. This reportable segment results from the aggregation of the operating segments related to the production of content in Portugal ("Produoes Portugal") and to the production of content in Spain ("Produoes Espanha"), which were aggregated under IFRS 8 – Operating segments, in terms of the characteristics of the services provided in the production process, in particular as regards the nature of the services provided in its production process, as well as the type of customers and methods of direct delivery of the contents to final customers.

c) Radio

The radio segment involves the broadcasting of radio programs, through own antennas.

d) Others

The segment others includes essentially the internet business ("DIGITAL"), the production and sale of music CD's, the agency of artists and promotion of events ("ENTERTAINMENT"), which were aggregated in result they did not individually meet the quantitative limits established in IFRS 8 – Operating segments, as well as the parent company activity and the Group's shared services, which includes the assets and liabilities not allocated to the segments as they are not monitored by Management for purposes of measuring performance.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2018 and 2017 was as follows:

	2018						Consolidated
	Television	Production	Radio	Others	Total	Eliminations	
Operating revenue:							
External Services rendered	102,751,583	5,574,118	19,131,545	5,342,279	132,799,525	-	132,799,525
Internal services rendered	226,614	26,655,068	195,810	10,765,437	37,842,929	(37,842,929)	-
Other external operating revenue	48,246,159	550,214	31,194	181,650	49,009,217	-	49,009,217
Other internal operating revenue	108,441	61,680	105,570	395,345	671,036	(671,036)	-
Total operating revenue	151,332,797	32,841,080	19,464,119	16,684,711	220,322,707	(38,513,965)	181,808,742
Operating costs:							
Cost of programs issued and goods sold	(46,359,386)	-	-	-	(46,359,386)	25,292,167	(21,067,219)
Supplies and services	(54,000,652)	(23,305,003)	(6,205,308)	(9,262,406)	(92,773,369)	14,447,083	(78,326,286)
Personnel costs	(19,997,812)	(9,054,890)	(5,761,749)	(6,725,802)	(41,540,253)	-	(41,540,253)
Amortization and depreciation	(2,528,951)	(2,504,285)	(1,121,689)	(477,429)	(6,632,354)	-	(6,632,354)
Provision for impairment losses	(524,845)	(4,489)	24,173	(4,541)	(509,702)	-	(509,702)
Other operating costs	(172,155)	179,780	(103,581)	(24,152)	(120,108)	-	(120,108)
Total operating costs	(123,583,801)	(34,688,887)	(13,168,154)	(16,494,330)	(187,935,172)	39,739,250	(148,195,922)
Operating results	27,748,996	(1,847,807)	6,295,965	190,381	32,387,535	1,225,285	33,612,820
Net finance costs	-	-	-	-	-	-	(2,957,267)
Profit before income tax	-	-	-	-	-	-	30,655,553
Income tax	-	-	-	-	-	-	(9,082,427)
Consolidated net profit from continuing operations	-	-	-	-	-	-	21,573,126
	2017						Consolidated
	Television	Production	Radio	Others	Total	Eliminations	
Operating revenue:							
External Services rendered	98,061,451	6,196,342	18,228,469	4,424,730	126,910,992	-	126,910,992
Internal services rendered	131,579	25,615,146	97,103	10,817,449	36,661,277	(36,661,277)	-
Other external operating revenue	37,865,735	122,667	116,826	446,673	38,551,901	-	38,551,901
Other internal operating revenue	139,072	6,715	99,300	290,899	535,986	(535,986)	-
Total operating revenue	136,197,837	31,940,870	18,541,698	15,979,751	202,660,156	(37,197,263)	165,462,893
Operating costs:							
Cost of programs issued and goods sold	(43,537,704)	-	-	(1)	(43,537,705)	24,094,495	(19,443,210)
Supplies and services	(39,310,472)	(23,177,939)	(6,164,787)	(8,709,939)	(77,363,137)	13,574,486	(63,788,651)
Personnel costs	(20,423,425)	(8,918,017)	(5,865,733)	(6,471,060)	(41,678,235)	-	(41,678,235)
Amortization and depreciation	(2,877,374)	(3,374,657)	(1,075,269)	(575,349)	(7,902,649)	-	(7,902,649)
Provision for impairment losses	(175,255)	(32,005)	83,455	(271,000)	(394,805)	-	(394,805)
Other operating costs	211,282	(133,362)	(80,540)	(78,668)	(81,288)	-	(81,288)
Total operating costs	(106,112,948)	(35,635,980)	(13,102,874)	(16,106,017)	(170,957,819)	37,668,981	(133,288,838)
Operating results	30,084,889	(3,695,110)	5,438,824	(126,266)	31,702,337	471,718	32,174,055
Net finance costs	-	-	-	-	-	-	(4,482,422)
Profit before income tax	-	-	-	-	-	-	27,691,633
Income tax	-	-	-	-	-	-	(7,904,604)
Consolidated net profit from continuing operations	-	-	-	-	-	-	19,787,029

As described in Note 3, the adoption of IFRS 15 - Revenue from contracts with customers resulted in an increase in "Services rendered" and "Other operating income" in the year ended at 31 December 2018, and in an increase in "Supplies and external services", of 2,983,145 Euros and 10,928,836 Euros, respectively, arising from the presentation criteria of the referred standard.

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(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 36)

Additional significant segment reporting information is as follows:

	2018						
	Television	Production	Radio	Others (a)	Total	Eliminations	Consolidated
Net assets	208,911,279	79,118,073	31,584,670	112,396,942	432,010,964	(138,120,293)	293,890,671
Liabilities	62,174,796	84,939,042	30,150,642	28,454,718	205,719,198	(55,347,922)	150,371,276
Other information:							
Investment in the year in tangible fixed assets (Note 15)	3,572,286	1,476,480	336,597	181,539	5,566,902	-	5,566,902
Investment in the year in intangible assets (Note 14)	216,262	70,479	36,593	235,442	558,776	-	558,776
Indemnities - included in "personnel costs" (Note 9)	239,290	159,379	207,330	86,058	692,057	-	692,057
Increase in provisions (Note 23)	48,892	-	-	6,000	54,892	-	54,892
Reversal of provisions (Note 23)	-	(20,000)	-	(2,000)	(22,000)	-	(22,000)
Impairment losses (Note 23)	475,954	71,794	10,755	21,350	579,853	-	579,853
Reversal of impairment losses (Note 23)	-	(47,305)	(34,928)	(20,810)	(103,043)	-	(103,043)
	2017						
	Television	Production	Radio	Others (a)	Total	Eliminations	Consolidated
Net assets	199,102,477	86,397,133	30,302,491	120,306,686	436,108,787	(134,864,430)	301,244,357
Liabilities	57,133,101	81,466,941	32,877,341	25,777,608	197,254,991	(37,452,370)	159,802,621
Other information:							
Investment in the year in tangible fixed assets (Note 15)	1,522,912	1,779,610	336,497	105,516	3,744,535	-	3,744,535
Investment in the year in intangible assets (Note 14)	153,902	37,438	4,989	99,153	295,482	-	295,482
Indemnities - included in "personnel costs" (Note 9)	175,425	454,629	316,063	104,625	1,050,742	-	1,050,742
Increase in provisions (Note 23)	1,250	36,163	-	-	37,413	-	37,413
Reversal of provisions (Note 23)	(135,750)	(10,000)	-	(40,500)	(186,250)	-	(186,250)
Impairment losses (Note 23)	353,771	33,259	34,194	360,846	782,070	-	782,070
Reversal of impairment losses (Note 23)	(44,015)	(27,417)	(117,649)	(49,347)	(238,428)	-	(238,428)

(a) "Others" include assets and liabilities not allocated to the operating segments as they are not monitored by management for measuring their performance. The assets and liabilities correspond essentially to intergroup loans granted by the parent company to its subsidiaries, which were fully eliminated in the Group's consolidation process.

Information by geographic market for the years ended 31 December 2018 and 2017 is as follows:

	2018		
	Portugal	Other Countries	Consolidated
Operating revenue	181,462,512	346,230	181,808,742
Operating costs	(147,412,782)	(783,140)	(148,195,922)
Net profit from continuing operations	22,139,924	(566,798)	21,573,126
Non-current assets	231,546,071	147,211	231,693,282
Current assets	60,510,207	1,687,182	62,197,389
Liabilities	150,005,137	366,139	150,371,276
Investment in the year in tangible fixed assets (Note 15)	5,566,902	-	5,566,902
Investment in the year in intangible assets (Note 14)	558,776	-	558,776
	2017		
	Portugal	Other Countries	Consolidated
Operating revenue	164,833,978	628,915	165,462,893
Operating costs	(131,302,882)	(1,985,956)	(133,288,838)
Net profit from continuing operations	21,283,950	(1,496,921)	19,787,029
Non-current assets	231,051,128	1,452,656	232,503,784
Current assets	65,876,996	2,863,577	68,740,573
Liabilities	158,712,776	1,089,845	159,802,621
Investment in the year in tangible fixed assets (Note 15)	3,744,535	-	3,744,535
Investment in the year in intangible assets (Note 14)	295,482	-	295,482

The revenue presented above in 2018 includes, approximately, 22,700,000 Euros resulting from services rendered and transactions with the Group's largest customer.

The Group considers that there isn't any other advertiser who is responsible for more than 10% of its revenues, taking into account in this evaluation the business model of advertising commercialized in the various entities of the group, which is based on the centralization of the issuance of invoices to media agencies, which intervene in the management of the negotiations and ensure payment of the amounts owed, and are remunerated according to the size of their investment portfolio and advertisers.

6. OPERATING REVENUE

Consolidated operating revenue for the years ended 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Services rendered:</u>		
Television advertising	102,584,282	98,061,451
Radio advertising	18,444,326	17,723,147
Advertising in other media	3,758,700	3,161,054
Audiovisual production and complementary services	5,574,118	6,196,342
Others	<u>2,438,099</u>	<u>1,768,998</u>
	<u><u>132,799,525</u></u>	<u><u>126,910,992</u></u>
<u>Other operating revenue:</u>		
Multimedia services (a)	26,242,817	14,570,716
Transmission, and exhibition rights and the sale of images (b)	21,119,189	21,610,913
Other supplementary revenue	<u>1,647,211</u>	<u>2,370,272</u>
	<u><u>49,009,217</u></u>	<u><u>38,551,901</u></u>

(a) The caption “Multimedia services” corresponds essentially to income from interactive services and multimedia relating to competitions and programs included in the television programming grid broadcast by the Group. The increase in the caption arises from the facts referred to in Notes 3 and 5.

(b) The caption “Transmission and exhibition rights and the sale of images” includes essentially income relating to the ceding of generalist channel signals and theme channels, issued by the Group.

7. COST OF BROADCASTED PROGRAMS AND GOODS SOLD

This caption for the years ended 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
Programs exhibited	<u><u>21,067,219</u></u>	<u><u>19,443,210</u></u>

The cost of production of own programs is recognized in the consolidated statement of profit and loss in accordance with its nature.

8. SUPPLIES AND SERVICES

The caption supplies and services for the years ended 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
Specialized services (a)	43,281,380	27,756,712
Publicity and competition prizes	8,856,920	9,157,702
Fees	4,878,684	5,432,485
Communication	4,011,471	4,154,192
Rent	3,376,330	3,535,154
Royalties and rights	3,299,803	3,361,178
Materials	2,626,246	2,487,710
Energy and fluids	2,341,819	2,331,832
Maintenance and repairs	1,934,679	1,902,981
Travel and lodging	1,683,459	1,662,904
Others	2,035,495	2,005,801
	<u>78,326,286</u>	<u>63,788,651</u>

(a) The increase in the caption arises from the facts referred to in Notes 3 and 5.

9. PERSONNEL COSTS

The caption personnel costs for the years ended 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
Wages and salaries	30,640,123	30,401,341
Charges on wages and salaries	6,960,830	6,945,117
Performance bonus	601,632	787,224
Indemnities (Note 5)	692,057	1,050,742
Labour accident insurance and others	611,125	573,662
Others	2,034,486	1,920,149
	<u>41,540,253</u>	<u>41,678,235</u>

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Television	466	466
Production	316	288
Radio	146	149
Others	133	133
	<u>1,061</u>	<u>1,036</u>

10. FINANCIAL EXPENSE AND INCOME

The caption financial expense and income for the years ended 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial expense:</u>		
Interest expense (a)	2,688,450	3,587,387
Other financial costs (b)	<u>477,439</u>	<u>988,682</u>
	<u>3,165,889</u>	<u>4,576,069</u>
<u>Financial income:</u>		
Interest income	2	-
Other financial income (c)	<u>208,620</u>	<u>93,650</u>
	<u>208,622</u>	<u>93,650</u>
	<u><u>2,957,267</u></u>	<u><u>4,482,419</u></u>

- (a) In 2018 and 2017 the Group did not incur financial costs on assets that qualify that could be capitalized, the costs being recognized in profit and loss when incurred. The decrease in interest expense is due essentially to the reimbursement made in 2017 and 2018 as explained in Note 22.
- (b) For the year ended at 31 December 2017, this caption includes the exchange variation of foreign currency financing with related entities included in the consolidation perimeter (Note 4).
- (c) In the year ended at 31 December 2018, "Other financial income" refers to income relating to the financial update of assets receivable, in the amount of 33,612 Euros, 93,650 Euros in 2017 (Note 27) and also includes the exchange variation of foreign currency financing balances with related entities included in the consolidation perimeter (Note 4).

11. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Grupo Media Capital companies, except for NBP Ibérica – Producciones Audiovisuales, S.A. and PLURAL España and its subsidiaries, are subject to corporation income tax at the rate of 21% in accordance with article 87 of the Corporation Income Tax Code which can be increased by a municipal surcharge of up to the maximum rate of 1.5% of taxable profit, resulting in a total maximum rate of 22.5%. In addition, accordance with article 87-A of the Corporation Income Tax Code, in 2018 taxable profit exceeding 1,500,000 Euros is subject to a State surcharge, at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profit between 7,500,000 Euros and 35,000,000 Euros;
- 9% for taxable profit exceeding 35,000,000 Euros.

In addition, net financial costs for 2018 and following years are deductible for determining annual taxable income up to the limit each year to the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net financial costs and taxes.

In accordance with article 88 of the Corporation Income Tax Code the Group is subject to autonomous taxation of certain charges at the rates established in the article.

The Group estimated income tax for 2018 of the companies in which VERTIX participates directly or indirectly by at least 75%, considering the requirements of article 63 of the Corporation Income Tax Code, in accordance with the RETGS, headed up VERTIX. All the Group companies with head office in Portugal were covered by that regime.

Plural España and its subsidiaries are subject to income tax in accordance with Spanish legislation, at a normal rate of around 25%, being included in the Regime for the Taxation of Groups of Companies applicable to companies with head office in Spain under the parent Prisa.

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In accordance with current legislation, tax losses generated between 2014 and 2016 are reportable for a period of twelve years, limited to 70% of RETGS taxable profit (five years for the losses generated in 2013 and from 2017).

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security) except when there are tax losses, tax benefits have been granted, tax inspections are in progress or there are claims or appeals, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the tax returns of the Group companies for the years from 2015 to 2018, inclusive, are still subject to review and correction. The Board of Directors believes that any corrections to the taxable income declared that might result from examinations carried out by the tax authorities will not have a significant effect on the consolidated financial statements.

In addition, in accordance with tax legislation in Spain tax returns of companies included in the tax consolidation of Prisa are also subject to revision and correction by the tax authorities for a period of four years, there possibly being some exceptions which are not applicable to the companies included in the Group's consolidated financial statements.

Following is a reconciliation of the tax rate for the years ended 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Profit before tax	30,655,553	27,691,633
Nominal income tax rate	<u>21.00%</u>	<u>21.00%</u>
Estimated tax charge	6,437,666	5,815,243
Permanent differences (i)	181,206	293,655
Adjustment to income tax due (ii)	703,362	724,208
Surcharge	1,851,226	1,881,885
Others	<u>(91,033)</u>	<u>(810,387)</u>
	<u>9,082,427</u>	<u>7,904,604</u>
Current tax (iii)	8,776,828	7,714,397
Deferred tax for the year	<u>305,599</u>	<u>190,207</u>
	<u>9,082,427</u>	<u>7,904,604</u>
Effective tax rate	<u>29.63%</u>	<u>28.55%</u>

(i) These amounts for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
Non tax deductible amortization and depreciation	674,113	651,875
Goodwill Impairment (Notes 13 and 23)	-	343,481
Net gains/(losses) in associated companies	-	3
Others, net	188,774	402,998
	<u>862,887</u>	<u>1,398,357</u>
	<u>21.00%</u>	<u>21.00%</u>
	<u>181,206</u>	<u>293,655</u>

(ii) This amount represents the autonomous taxation of certain expenses.

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(iii) This amount at 31 December 2018 and 2017 is made up as follows:

	2018	2017
Estimated current tax on income for the year	8,830,759	8,709,320
Tax/ (Tax credit) for income of foreign subsidiaries (Note 27)	313,797	(150,374)
Others(a)	(367,728)	(844,549)
	<u>8,776,828</u>	<u>7,714,397</u>

(a) This caption includes the net effect of the excess of estimated income tax for 2018 and 2017, and of income resulted from the positive outcome of tax processes.

Temporary differences – changes in deferred taxes:

	2018				Ending balances
	Beginning balances	Increase/ (Reversal)	Adoption IFRS 9 (Note 3)	Utilizations	
<u>Deferred tax assets:</u>					
Provision and impairment losses (a)	96,680	51,914	169,842	-	318,436
Inter group company margins not recognised	2,117,175	(398,762)	-	-	1,718,413
Other credits	173,966	(26,251)	-	(23,149)	124,566
	<u>2,387,821</u>	<u>(373,099)</u>	<u>169,842</u>	<u>(23,149)</u>	<u>2,161,415</u>
<u>Deferred tax liabilities:</u>					
Brands acquired in business combinations	1,158,750	(67,500)	-	-	1,091,250

(a) This caption relates to deferred tax assets associated to temporary tax differences related, essentially, to the effect of the adoption of IFRS 9 - Financial Instruments as of 1 January 2018 (Notes 3, 18 and 23).

	2017		
	Beginning balances	Increase/ reversals	Ending balances
<u>Deferred tax assets:</u>			
Provision and impairment losses	174,310	(77,630)	96,680
Inter group company margins not recognised	2,309,897	(192,722)	2,117,175
Other credits	161,321	12,645	173,966
	<u>2,645,528</u>	<u>(257,707)</u>	<u>2,387,821</u>
<u>Deferred tax liabilities:</u>			
Brands acquired in business combinations	1,226,250	(67,500)	1,158,750

As of 31 December 2017, current tax liabilities amounted to 5,254 Euros and relate to the estimated tax related to the activity of the company acquired in 2016, which do not belong to RETGS.

As a result of the Group's RETGS being headed by VERTIX, the estimated current tax payable under this scheme, net of payments on account and withholdings, results in an account payable to VERTIX, which is as follows:

	2018	2017
Estimated current tax payable	8,776,828	7,714,397
Payments on account and special payments on account made by the Group to VERTIX	(6,289,829)	(6,757,494)
Others	(204,657)	1,040,938
Account payable to Vertix (Note 27)	<u>2,282,342</u>	<u>1,997,841</u>

At 31 December 2018 and 2017, the amounts payable related to current tax assets amounting to 287,822 Euros and 340,290 Euros, respectively, relate essentially to IRC to be recovered and to special payments on account.

Cash flows:

For the year ended 31 December 2018 and 2017, the receipts referring to the refund of excess tax paid and the payments related to income tax for the year were as follows:

	<u>2018</u>	<u>2017</u>
Receipts referring to the refund of excess tax paid	69,813	437,631
Payments relating to income tax for the year	<u>(153,096)</u>	<u>(128,699)</u>
	<u>(83,283)</u>	<u>308,932</u>

12. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2018 and 2017 were calculated considering the following amounts:

	<u>2018</u>	<u>2017</u>
<u>Earnings:</u>		
Profit for purposes of calculating earnings per share of continuing operations	<u>21,573,126</u>	<u>19,787,029</u>
<u>Number of shares:</u>		
Average number of shares for purposes of calculating basic and diluted earnings per share (Note 21)	<u>84,513,180</u>	<u>84,513,180</u>
Basic and diluted earnings per share of continuing operations	<u>0.2553</u>	<u>0.2341</u>

There were no diluting effects in the years ended 31 December 2018 and 2017 and so the basic and diluted earnings per share are the same.

13. GOODWILL

The changes in goodwill in the years ended 31 December 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
<u>Cost:</u>		
Balance at the beginning of the year	<u>166,280,254</u>	<u>166,280,254</u>
Balance at the end of the year	<u>166,280,254</u>	<u>166,280,254</u>
<u>Accumulated impairment losses:</u>		
Balance at the beginning of the year	(16,906,134)	(16,562,653)
Impairment losses recognized in the period (Notes 11 and 23) (a)	-	(343,481)
Balance at the end of the year	<u>(16,906,134)</u>	<u>(16,906,134)</u>
<u>Net book value:</u>		
Balance at the beginning of the year	<u>149,374,120</u>	<u>149,717,601</u>
Balance at the end of the year	<u>149,374,120</u>	<u>149,374,120</u>

- (a) The impairment loss recognized in goodwill in the amount of 343,481 Euros in the year ended 31 December 2017 (Note 23) is essentially due to a decline of the activity of one of the group's cash generating units in the group's Entertainment segment in 2017, despite the rationalization of costs that the group continued to pursue. At that date, there was no goodwill allocated to that cash generating unit.

For purposes of impairment tests, goodwill was distributed by the Operating segments (together cash generating units) considering the benefits generated by the synergies resulting from the business combinations which resulted in them, as follows:

	<u>2018</u>	<u>2017</u>
Television	125,761,826	125,761,826
Radio	18,643,989	18,643,989
Audiovisual production Portugal	3,021,058	3,021,058
Digital	1,508,118	1,508,118
Entertainment	<u>439,129</u>	<u>439,129</u>
	<u>149,374,120</u>	<u>149,374,120</u>

According to IFRS 8, an operating segment is a component of an entity that:

- Engages in its business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- For which discrete financial information is available.

For purposes of assessing impairment, the investment was valued by the Board of Directors based on the business plan/financial projections of the cash generating units controlled by the Group.

The assessment was made based on business plans / financial projections of the various operating segments, prepared and approved by management, which cover a five year period, and is subsequently considered a perpetuity.

For this purpose market data obtained from external entities was used, which was compared to internal market intelligence and the Group's past experience, complemented by the estimated market effect of the business strategies adopted for each operational segment, which are considered in the preparation of budgets approved by the Board of Directors and which are the basis of said analysis. Following are some of the main variables considered by the Board of Directors:

- Projected growth in revenue from:
 - Evolution of advertising investment in the main markets where the Group operates;
 - Audience share;
 - Market share;
- Operating costs;
- Synergies and rationalization of production costs.

The main information on the activities and assumptions considered for the operating segments identified for purposes on the impairment tests was as follows:

Television:

Television operations, with the broadcasting of television programs through a general channel, TVI, and under distribution contracts signed with operators broadcasting TVI 24, TVI Ficção, TVI Internacional, TVI África and TVI Reality.

The main assumptions relating to the operations considered in the projections were as follows:

- Moderate recovery of advertising revenues in 2019 and following years of the explicit projection period;
- Contained increase in other income relating to the diversification of the activities of the various channels, including signal rights;
- Maintenance of a containment of expenses policy, in the accordance with the strategy that has been followed.

Radio:

Radio operations, with music broadcasting and radio programs in Portugal by the following radio stations: “Rádio Comercial”, “m80”, “Cidade”, “Smooth FM” and “Vodafone FM”.

The main operating assumptions considered in the projections were as follows:

- Reinforce the contents of Radio Comercial and other radios, in order to strengthen the leadership achieved as a radio group;
- Steadiness of audiences;
- Continuation of expenditure control.

Audiovisual production in Portugal:

Production of contents, various activities in support of the television channels, through Plural which is responsible for audiovisual creation, realization and production, as well as the exploitation of technical means and the preparation of scenarios.

The main operating assumptions considered in the projections were as follows:

- Maintenance of the cost containment policy in accordance with the strategy that has been followed;
- Focus on internal production of national contents, with the corresponding increase in income;
- Continued growth of the business of leasing technical means and production of events, increasing its presence in other markets.

Audiovisual production in Spain:

Operations in the Spanish audiovisual production market, in particular in the supply of production support services – technical means, human resources and scenario building.

The main operating assumptions considered in the projections were as follows:

- Focus on the exploitation of technical means and the preparation of scenarios market;
- Profitability of content already produced through its commercialization;
- Decrease in the structure of fixed costs.

Digital:

Digital operations supported by the portal www.iol.pt, which has a vast network of own contents, an extensive online directory of classified and publicity information, responsible for the majority of the Group's sites, as well as the production of mobile contents. They also include the rendering of internet and multimedia services to companies outside the Group.

The main operating assumptions considered in the projections were as follows:

- Improvement of the publicity market;
- Regular launching of new projects such as apps and other mobile services;
- Maintenance of variable and fixed operating costs control, related with operation.

Entertainment:

Operations include the music business, production of videograms, phonograms, audiovisual and multimedia production, the purchase and sale of records and equivalent items, the production of events and agency of artists.

The main operating assumptions considered in the projections were as follows:

- Continuation of the activity of selling music in digital format;
- Bet on the improvement of indicators of profitability and volume through the holding of events and the activity of publishing.

The discounted cash flow method was used, cash flow projections having been prepared for five years and a perpetuity considered after that:

- Nominal growth rate used in perpetuity of 0.75% (2.5% in 2017).

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- Discount rate used from of 9.24% (8.2% in 2017) considering the exposure of the various operating segments to the media market, being the commercial activity, customers and the advertising market, viewed as one by the Group.

The Company believes that the estimates are reasonable, considering the abnormally penalizing market for the years up to close to the end of 2014 both as regards the initiatives in progress in terms of organic growth and implemented decrease in operating costs.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests would not result in a significant impairment of Goodwill, considering a 0.5% variation in the nominal growth rate used in the perpetuity or the discount rate.

14. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortization and impairment losses in the years ended 31 December 2018 and 2017 were as follows:

	Audiovisual production rights	Brands (a)	Radio broadcasting permits (b)	Computer programs	Others	Total
Gross:						
Balance at 31 December 2016	5,610,726	6,269,000	17,781,373	7,770,236	585,625	38,016,960
Acquisitions (Nota 5)	-	-	-	295,482	-	295,482
Exchange translation	(60,684)	-	-	-	(1,757)	(62,441)
Sales and write-offs	-	-	-	(49,732)	-	(49,732)
Balance at 31 December 2017	5,550,042	6,269,000	17,781,373	8,015,986	583,868	38,200,269
Acquisitions (Note 5)	-	-	-	558,776	-	558,776
Exchange translation	(3,773)	-	-	-	605	(3,168)
Sales and write-offs	-	-	-	(56,094)	-	(56,094)
Transfers (c)	532,813	-	-	-	-	532,813
Balance at 31 December 2018	6,079,082	6,269,000	17,781,373	8,518,668	584,473	39,232,596
Accumulated amortization:						
Balance at 31 December 2016	4,211,400	819,000	12,571,514	6,731,488	585,625	24,919,027
Increases (Note 16)	1,399,326	300,000	537,128	494,208	-	2,730,662
Exchange translation	(60,684)	-	-	-	(1,757)	(62,441)
Sales and write-offs	-	-	-	(49,701)	-	(49,701)
Balance at 31 December 2017	5,550,042	1,119,000	13,108,642	7,175,995	583,868	27,537,547
Acquisitions (Note 15)	532,813	300,000	626,479	467,100	-	1,926,392
Exchange translation	(3,773)	-	-	-	605	(3,168)
Sales and write-offs	-	-	-	(53,934)	-	(53,934)
Balance at 31 December 2018	6,079,082	1,419,000	13,735,121	7,589,161	584,473	29,406,837
Net:						
Net balance at 31 December 2017	-	5,150,000	4,672,731	839,991	-	10,662,722
Net balance at 31 December 2018	-	4,850,000	4,046,252	929,507	-	9,825,759

(a) This caption includes essentially the PLURAL brand.

(b) The most significant radio broadcasting license included in this caption in the net amount of 1,865,779 Euros and has a remaining operating period of seven years.

(c) In the 2018 financial year, this caption refers essentially to the film co-productions developed by the Group.

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15. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2018 and 2017 were as follows:

	Land, buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross:							
Balance at 31 December 2016	10,443,758	110,946,637	1,708,077	9,105,724	9,003,213	377,023	141,584,432
Acquisitions (Note 5)	370,487	2,655,753	2,944	265,683	150,685	298,983	3,744,535
Sales and write-offs	-	(2,334,440)	(40,977)	(589,861)	(16,451)	(15,732)	(2,997,461)
Transfers	(136,120)	659,170	-	24,569	33,159	(580,778)	-
Balance at 31 December 2017	<u>10,678,125</u>	<u>111,927,120</u>	<u>1,670,044</u>	<u>8,806,115</u>	<u>9,170,606</u>	<u>79,496</u>	<u>142,331,506</u>
Acquisitions (Note 5)	178,904	3,335,395	-	725,160	144,451	1,182,992	5,566,902
Sales and write-offs	-	(7,979,710)	(34,944)	(116,784)	(52,414)	-	(8,183,852)
Transfers	-	25,402	-	-	-	(25,402)	-
Balance at 31 December 2018	<u>10,857,029</u>	<u>107,308,207</u>	<u>1,635,100</u>	<u>9,414,491</u>	<u>9,262,643</u>	<u>1,237,086</u>	<u>139,714,556</u>
Accumulated depreciation and impairment losses:							
Balance at 31 December 2016	6,377,465	101,249,318	1,666,901	7,800,124	7,881,773	-	124,975,581
Increases	959,592	3,304,365	28,187	599,288	280,555	-	5,171,987
Sales and write-offs	-	(2,334,440)	(40,977)	(589,750)	(16,445)	-	(2,981,612)
Transfers	(136,120)	136,129	-	(9)	-	-	-
Balance at 31 December 2017	<u>7,200,937</u>	<u>102,355,372</u>	<u>1,654,111</u>	<u>7,809,653</u>	<u>8,145,883</u>	<u>-</u>	<u>127,165,956</u>
Acquisitions	765,406	3,173,942	12,558	485,021	269,035	-	4,705,962
Sales and write-offs	-	(7,979,465)	(34,944)	(116,791)	(52,408)	-	(8,183,608)
Balance at 31 December 2018	<u>7,966,343</u>	<u>97,549,849</u>	<u>1,631,725</u>	<u>8,177,883</u>	<u>8,362,510</u>	<u>-</u>	<u>123,688,310</u>
Net:							
Net balance at 31 December 2017	<u>3,477,188</u>	<u>9,571,748</u>	<u>15,933</u>	<u>996,462</u>	<u>1,024,723</u>	<u>79,496</u>	<u>15,165,550</u>
Net balance at 31 December 2018	<u>2,890,686</u>	<u>9,758,358</u>	<u>3,375</u>	<u>1,236,608</u>	<u>900,133</u>	<u>1,237,086</u>	<u>16,026,246</u>

Amortization and depreciation recognized in the statements of profit and loss for 2018 and 2017 are made up as follows:

	2018	2017
Tangible fixed assets	4,705,962	5,171,987
Intangible assets (Note 14)	1,926,392	2,730,662
	<u>6,632,354</u>	<u>7,902,649</u>

As of 31 December 2018 and 2017, there are no restrictions on the ownership of tangible assets that have been provided as collateral for liabilities, and it should be noted that all guarantees requested in favor of third parties and provided by Grupo Media Capital, susceptible of disclosure, are mentioned in Notes 22 and 32.

16. TELEVISION PROGRAM BROADCASTING RIGHTS

Television program broadcasting rights at 31 December 2018 and 2017, are made up as follows:

Nature	2018	2017
Soap operas and fiction contents	57,763,283	60,800,020
Films	11,141,907	10,588,387
Series	8,097,706	7,333,840
Entertainment	2,084,231	2,104,964
Others	194,839	363,087
	79,281,966	81,190,298
Non-current assets	48,146,342	50,971,104
Current assets	31,135,624	30,219,194
	79,281,966	81,190,298

17. OTHER NON-CURRENT ASSETS

This caption was as follows at 31 December 2018 and 2017:

	2018	2017
Access to the Digital Television network (Televisão Digital Terrestre - "TDT") (a)	2,408,824	2,676,471
Receivables from related parties (Note 27)	-	1,252,420
State and other public entities	1,605	8,588
	2,410,429	3,937,479

(a) This amount corresponds to costs incurred for access to the TDT network, which is expensed over the contracted utilization period of the network.

18. TRADE AND OTHER RECEIVABLES

This caption was as follows at 31 December 2018 and 2017:

	2018			2017		
	Gross	Accumulated impairment loss (Note 23)	Net	Gross	Accumulated impairment loss (Note 23)	Net
Trade receivables	29,406,441	(4,117,215)	25,289,226	31,796,267	(3,965,653)	27,830,614
Receivables from related parties (Note 27)	32,184	-	32,184	131,569	-	131,569
Invoices to be issued (a)	5,378,331	-	5,378,331	5,666,571	-	5,666,571
	34,816,956	(4,117,215)	30,699,741	37,594,407	(3,965,653)	33,628,754

(a) This caption includes, essentially, amounts related to invoices to be issued to the operators for the activity of interactive and multimedia services.

As described in Note 3, in the context of the adoption of IFRS 9 - Financial Instruments, an additional credit loss allowance of 908,960 Euros has been recognized, referring to financial assets recognized in prior years and due to the adoption of an expected loss model, as at 1 January 2018, as an increase in the caption "Accumulated impairment losses" against a reduction in Equity in "Reserves" (Note 21), considering the corresponding tax effect of 169,842 Euros (Note 11). The effect of this standard for the year ended at 31 December 2018, in the amount of 222,295 Euros, has been recognized as an expense of the period (Note 23).

Note 34 provides a description of the main assumptions used by the Group in determining these impairment losses.

19. OTHER CURRENT ASSETS

This caption was made up as follows at 31 December 2018 and 2017:

	2018			2017		
	Gross	Accumulated impairment loss (Note 23)	Net	Gross	Accumulated impairment loss (Note 23)	Net
State and other public entities (Note 26)	240,503	-	240,503	561,059	-	561,059
Other debtors	367,447	-	367,447	269,575	(26,106)	243,469
Receivables from related parties (Note 27)	1,283,371	-	1,283,371	1,433,713	-	1,433,713
Prepayments	1,544,650	-	1,544,650	2,019,767	-	2,019,767
	<u>3,435,971</u>	<u>-</u>	<u>3,435,971</u>	<u>4,284,114</u>	<u>(26,106)</u>	<u>4,258,008</u>

20. CASH AND CASH EQUIVALENTS

This caption was made up as follows at 31 December 2018 and 2017:

	2018	2017
Bank deposits repayable on demand	207,124	133,783
Cash	175,090	160,544
	<u>382,214</u>	<u>294,327</u>

In the year ended 31 December 2018 and 2017, the Group recorded the following non-monetary investment and financing transactions that are not reflected in the consolidated statement of cash flows:

- The Group acquired basic equipment through lease contracts, as disclosed in Note 22, in the amount of, approximately, 1,014,000 Euros (286,000 Euros in 2017);
- The Group acquired fixed assets which were not yet been settled at the date of the financial position in the amount of approximately Euros 2,300,000 Euros (1,100,000 Euros in 2017).

21. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

At 31 December 2018 and 2017, the Company's capital, fully subscribed and paid up, was composed of 84,513,180 shares (Note 12) with a nominal value of one euro and six cents each, which 89,583,971 Euros.

At 31 December 2018 and 2017, the Group's capital was held by the following shareholders:

	2018		2017	
	Shares	Percentage	Shares	Percentage
VERTIX	80,027,607	94.69	80,027,607	94.69
Others, less than 10% of the capital	4,485,573	5.31	4,485,573	5.31
	<u>84,513,180</u>	<u>100.00</u>	<u>84,513,180</u>	<u>100.00</u>

At 31 December 2018 and 2017 the caption “Reserves” was made up as follows:

	2018	2017
Free reserves (a)	24,642,863	25,115,624
Legal reserve	8,209,835	7,282,063
Exchange translation differences	(490,400)	(326,951)
	<u>32,362,298</u>	<u>32,070,736</u>

- (a) As described in Note 3, with relation to the implementation of IFRS 9 - Financial Instruments, a total credit loss allowance of 739,118 Euros has been recognized as at 1 January 2018, as a reduction of "Reserves".

The free reserves are available for distribution to the Company's shareholders after covering the negative currency translation differences, despite the restrictions mentioned in Note 22.

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until the reserve reaches at least 20% of share capital. This reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses after all the other reserves have been used up or to increase capital.

At the Shareholders' General Meeting held on 25 May 2018, the application of the results for the year ended 31 December 2017 was approved, providing for a legal reserve increase of 927,772 Euros, and the remaining transferred to Free reserves.

At the Shareholders' General Meeting held on 6 April 2017, the application of the results for the year ended 31 December 2016 was approved, providing for a legal reserve increase of 825,929 Euros, reinforcement of free reserves by 527,165 Euros and distribution of dividends in the amount of 17,747,768 Euros. The aforementioned distribution of dividends, the corresponding payment of which occurred on 8 May 2017, corresponds to a gross dividend per share of 0.210 Euros.

As disclosed in the Director's Report, the Board of Directors did not propose the distribution of dividends to its shareholders in the application of the results for the year ended 31 December 2018.

22. BORROWINGS

This caption was made up as follows at 31 December 2018 and 2017:

	2018				2017			
	Balance		Nominal		Balance		Nominal	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bonds (a)	35,817,780	-	35,250,000	-	25,677,185	35,200,708	24,750,000	35,250,000
Other bank borrowings (b)	3,527,510	45,000,000	3,548,918	45,000,000	8,349,203	25,300,000	8,372,830	25,300,000
Finance lease liability (c)	495,777	1,014,870	495,777	1,014,870	247,365	544,464	247,365	544,464
Other borrowings (d)	87,675	100,083	87,675	100,083	50,080	187,758	50,080	187,758
	<u>39,928,742</u>	<u>46,114,953</u>	<u>39,382,370</u>	<u>46,114,953</u>	<u>34,323,833</u>	<u>61,232,930</u>	<u>33,420,275</u>	<u>61,282,222</u>

(a) Bonds:

At 14 July 2014, the Company issued 7,500 bonds called Media Capital 2014-2019, by private subscription in the total amount of 75,000,000 Euros for a maximum period of 5 years (15,000,000 Euros in 2017, 24,750,000 Euros in 2018 and 35,250,000 Euros in 2019), at an annual interest rate corresponding to the six-month Euribor plus a spread of 4%, the market value of those bonds do not differ significantly from their book value.

At 31 December 2018, the amount of 39,750,000 Euros, has already been reimbursed, in accordance with the reimbursement plan. During the year ended on 31 December 2018, the Group reimbursed the nominal value of 24,750,000 Euros, as contractually defined.

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(b) Other borrowings:Commercial paper:

At 31 December 2018, the Group has commercial paper contracts entered into with financial institutions in the total contracted amount of 20,000,000 Euros, 15,000,000 Euros and 20,000,000 Euros, which are in force until 30 July 2022, 6 May 2022 and 6 August 2022, respectively, with a gradual reduction of its maximum amount of interest, bearing interest at an annual rate corresponding to the Euribor of the issuance period plus an average spread of 1.05%.

The amount used for these contracts at 31 December 2018 amounted to 45,000,000 Euros (33,300,000 Euros as of 31 December 2017).

Short term credit lines:

At 6 August 2015, the Group entered into contracts to access three credit lines for short-term treasury support, in the total amount of 15,000,000 Euros. At 2 May 2016, it replaced 10,000,000 Euros of these lines of credit with a cash pooling overdraft agreement. The aforementioned authorized credit and overdraft facilities are in force until 6 August 2019, renewable for 12 months, unless notice is given by either party 30 days in advance, with interest at an annual rate corresponding respectively to Euribor 1M, Euribor 3M and Euribor at 12M plus an average spread of 1.55%. At 31 December 2018, these contracts were used for a total amount of 3,548,918 Euros (used amount of 372,830 Euros as of 31 December 2017).

The mentioned above contracts establish limitations on the variations of balances with related parties, as well as anticipate the early repayment in case of non-compliance with the contractual requirements related, inter alia, to ownership of capital in situations that imply loss of control of the Group by Prisa, the financial performance of the Group and the distribution of results or reserves that exceed the Group's consolidated results for the year prior to the distribution, which did not occur at 31 December 2018.

Reasonable changes in these financial performance measures, measured by the relationship between the Company's indebtedness and EBITDA (which in general consists of operating results plus Depreciation and amortization and Provisions and impairment losses), namely a 5% EBITDA, continue to ensure compliance with those requirements.

As of December 31, 2018 and 2017, the nominal amount used, the total contracted and its repayment plan are as follows:

	2018		2017	
	Amount used	Total contracted	Amount used	Total contracted
Bond	35,250,000	35,250,000	60,000,000	60,000,000
Commercial paper	45,000,000	55,000,000	33,300,000	47,500,000
Short-term credit lines	3,548,918	15,000,000	372,830	15,000,000
	<u>83,798,918</u>	<u>105,250,000</u>	<u>93,672,830</u>	<u>122,500,000</u>

The repayment plan of the amount used in the period ended 31 December 2018 is the following:

2019	38,798,918
2020	8,000,000
2021	11,000,000
2022	<u>26,000,000</u>
	<u>83,798,918</u>

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(c) At 31 December 2018 and 2017, Grupo Media Capital had the following assets under finance lease:

	2018		
	Aquisition cost	Accumulated depreciation	Net value
Basic equipment	<u>2,031,613</u>	<u>(397,021)</u>	<u>1,634,592</u>
	2017		
	Aquisition cost	Accumulated depreciation	Net value
Basic equipment	<u>1,017,934</u>	<u>(158,151)</u>	<u>859,783</u>

The net value increase recorded in 2018 refers to new leasing agreements entered into for the acquisition of studio equipment to be used in the Company's business, in the amount of approximately 1,014,000 Euros (Note 20).

The finance lease contracts at 31 December 2018 and 2017 are repayable as follows:

	2018	2017
2018	-	247,365
2019	495,777	-
	<u>495,777</u>	<u>247,365</u>
2019	-	250,783
2020	493,907	238,444
2021 and following	520,963	55,237
	<u>1,014,870</u>	<u>544,464</u>

(d) The Group obtained a refundable allowance under the QREN program.

The reimbursement of these amounts will be, according to the incentive agreement, made up as follows:

2019	87,675
2020	100,083
	<u>187,758</u>

Reconciliation of liabilities arising from financing activities:

The table below details changes in Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	01-01-2018	Financing cash flows (i)	New finance leases (not related to cash)	Other changes (ii)	31-12-2018
Bonds	60,877,893	(24,750,000)	-	(310,113)	35,817,780
Other bank borrowing	33,649,203	14,876,088	-	2,219	48,527,510
Finance lease liability	791,829	(362,681)	1,013,679	67,820	1,510,647
Other borrowings	237,838	(50,080)	-	-	187,758
	95,556,763	(10,286,673)	1,013,679	(240,074)	86,043,695
Related parties (Note 27) (iii)	23,122	(23,122)	-	-	-
	<u>95,579,885</u>	<u>(10,309,795)</u>	<u>1,013,679</u>	<u>(240,074)</u>	<u>86,043,695</u>

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	01-01-2017	Financing cash flows (i)	New finance leases (not related to cash)	Other changes (ii)	31-12-2017
Bonds	75,965,196	(15,000,000)	-	(87,303)	60,877,893
Other bank borrowing	22,297,296	11,365,157	-	(13,250)	33,649,203
Finance lease liability	828,466	(398,053)	285,659	75,757	791,829
Other borrowings	237,838	-	-	-	237,838
	<u>99,328,796</u>	<u>(4,032,896)</u>	<u>285,659</u>	<u>(24,796)</u>	<u>95,556,763</u>

- (i) Cash flows from bank loans, leasing creditors and other financing make up the net amount of proceeds from borrowing and repayments of borrowings in the consolidated statement of cash flows.
- (ii) This caption includes the net effect of specialization and payment of interest and value added tax on payments made to creditors by financial lease.
- (iii) This item with the amount of 23,122 Euro relates to an account settled to PLURAL Entertainment Canarias, S.L. ("PLURAL Canarias") (Note 27).

In addition to the movements presented above in 2018, the Group paid dividends as disclosed in Note 21 and interest and other financial expenses with the amount of 2,884,093 Euros (3,552,453 Euros in 2017).

23. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The changes in the caption Provisions and impairment losses in the years ended 31 December 2018 and 2017 were as follows:

	Taxes	Legal processes in progress	Total
Balance at 31 December 2016	5,319,102	1,578,930	6,898,032
			-
Increases (Nota 5)	-	37,413	37,413
Decreases (Nota 5)	-	(186,250)	(186,250)
Utilisations	-	(501,163)	(501,163)
Transfers to other current liabilities	-	(450,000)	(450,000)
Balance at 31 December 2017	<u>5,319,102</u>	<u>478,930</u>	<u>5,798,032</u>
Increases (Nota 5)	-	54,892	54,892
Decreases (Nota 5)	-	(22,000)	(22,000)
Utilisations	-	(68,802)	(68,802)
Balance at 31 December 2018	<u>5,319,102</u>	<u>443,020</u>	<u>5,762,122</u>

Provision for taxes

The provision for taxes at 31 December 2018 and 2017 in the amount of 5,319,102 Euros is to cover, essentially, the estimated liability relating to additional assessments of corporation income tax of 5,400,000 Euros.

At that date, taking into account the uncertainties inherent in this type of proceeding, the current liability resulting from these settlements was estimated based on the opinions of the Group's lawyers and based on the arguments presented by the Group in their respective claims for their discounted value. Considering the time value of money, attentive to the timing estimated by them for the occurrence of the payment of this responsibility, which depends on the judicial evolution of the respective process.

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Provision for legal processes in progress

As of 31 December 2018, provisions for legal proceedings in progress relate to litigation related essentially to labor proceedings, defamation, abuse of press freedom and regulatory, arising from the normal activity of the Group companies. Taking into account the uncertainties inherent to this type of proceeding, the amount of the outstanding shares, excluding the process referred to in Note 31 with the GDA, amounts to approximately 3,544,000 Euros. The Group's lawyers estimated their respective liabilities based on the arguments presented, in the history of solving these types of processes and in the estimated timing for the occurrence of the payment of these liabilities.

The reductions and uses recorded under "Legal proceedings in progress" during the years ended 31 December 2018 and 2017 relate to the resolution of certain legal proceedings that were in the process of litigation.

The changes in impairment losses in the years ended 31 December 2018 and 2017 were as follows:

	Inventories	Trade and other Receivables (Nota 18)	Others current Assets (Nota 19)	Total
Balance at 31 December 2016	400,000	5,088,376	525,975	6,014,351
Increases (Nota 5)	-	438,589	-	438,589
Decreases (Nota 5)	-	(228,219)	(10,209)	(238,428)
Utilisations	-	(1,333,093)	(489,660)	(1,822,753)
Balance at 31 December 2017	400,000	3,965,653	26,106	4,391,759
IFRS 9 implementation impact (Notas 3 e 21)	-	908,960	-	908,960
Increases (Nota 5)	-	579,853	-	579,853
Decreases (Nota 5)	-	(103,043)	-	(103,043)
Utilisations	(400,000)	(1,064,366)	(26,106)	(1,490,472)
Balance at 31 December 2018	-	4,287,057	-	4,287,057

During the years ended at 31 December 2018 and 2017, the Company used impairment losses for its customers and accounts receivable, as it considered the accounts receivable uncollectible.

The effect of the adoption of IFRS 9 - Financial Instruments for the year ended at 31 December 2018 was recorded as expense for the period, in the amount of 222,295 Euros (Note 18), based on the criteria disclosed in Note 34.

Provisions and impairment losses (reinforcements / (reductions)) recorded in the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Legal processes in progress	32,892	(148,837)
Trade and other receivables and other current assets	476,810	200,161
	509,702	51,324
Goodwill impairment (Notes 11 and 13)	-	343,481
	509,702	394,805

24. TRADE AND OTHER PAYABLES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Current suppliers	14,112,337	13,397,992
Accounts payable to related parties (Note 27)	156,377	68,009
Accrued costs:		
Accrued trade discounts	12,270,350	11,045,880
Authors' rights and royalties	2,874,041	2,693,137
Other supplies and services	1,228,542	1,387,253
Others	2,288,525	2,777,627
	<u>32,930,172</u>	<u>31,369,898</u>

25. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Suppliers of fixed assets	2,845,018	1,424,327
Several creditors:		
Personnel remuneration	6,699,642	6,847,870
Others	165,202	1,621,621
State and other public entities (Note 26)	8,905,948	9,911,093
Accounts payable to related parties (Note 27)	2,596,139	2,046,155
Deferred revenue	3,332,088	4,062,858
	<u>24,544,037</u>	<u>25,913,924</u>

26. STATE AND OTHER PUBLIC ENTITIES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>		<u>2017</u>	
	Receivable balances (Note 19)	Payable balances (Note 25)	Receivable balances (Note 19)	Payable balances (Note 25)
Value Added Tax	240,503	5,033,186	561,059	6,316,493
Social Security contributions	-	1,356,754	-	1,266,825
Personal Income Tax	-	1,116,999	-	983,124
Portuguese Institute of Cinematographic and Audiovisual Art / Cinematográfica e Audiovisual/ Cinemateca Portuguesa"	-	981,416	-	989,562
Others	-	417,593	-	355,089
	<u>240,503</u>	<u>8,905,948</u>	<u>561,059</u>	<u>9,911,093</u>

27. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances at 31 December 2018 and 2017 and transactions for the years then ended with related companies excluded from the consolidation were as follows:

	2018			
	Trade and other receivables (Nota 18)	Other current assets (Nota 19)	Trade and other payables (Nota 24)	Other current liabilities (Nota 25)
Top parent company:				
Promotora de Informaciones, S.A. (a) (b)	-	-	133,119	313,797
Parent company:				
VERTIX (c)	4,676	-	-	2,282,342
	<u>4,676</u>	<u>-</u>	<u>133,119</u>	<u>2,596,139</u>
Other companies:				
Prisa Brand Solutions, S.L.U.	24,034	-	14,953	-
Santillana Editores, S.A.	3,474	-	-	-
Prisa Participadas, S.L. (d)	-	1,283,371	-	-
Prisa Tecnología, S.L.	-	-	7,860	-
Prisa Gestión de Servicios, SL	-	-	445	-
	<u>27,508</u>	<u>1,283,371</u>	<u>23,258</u>	<u>-</u>
	<u>32,184</u>	<u>1,283,371</u>	<u>156,377</u>	<u>2,596,139</u>

	2018		
	Services rendered	Other operating revenue	Supplies and services
Top parent company:			
Promotora de Informaciones, S.A.	-	-	900,600
Parent company:			
VERTIX	36,620	9,000	-
	<u>36,620</u>	<u>9,000</u>	<u>900,600</u>
Other companies:			
Santillana Editores, S.A.	60,059	163	-
Prisa Brand Solutions, S.L.U.	49,199	-	42,176
Prisa Producciones de Vídeo, S.L.	2,231	-	-
Prisa Tecnología, S.L.	-	-	7,860
	<u>111,489</u>	<u>163</u>	<u>50,036</u>
	<u>148,109</u>	<u>9,163</u>	<u>950,636</u>

The more significant balances with related parties at 31 December 2018 refers to:

Promotora de Informaciones, S.A.

- (a) Accounts receivable registered in the caption “Other current assets” correspond essentially income tax for the year receivable from the companies PLURAL España and Tesela, under the tax consolidation of Prisa in the amount of 313,797 Euros (Note 11).
- (b) The accounts payable correspond to management fees.

VERTIX

- (c) Accounts payable relate to the estimated tax of the Group's various subsidiaries included in RETGS, in the amount of 2,282,342 Euros, for the year ended at 31 December 2018 (Note 11).

Prisa Audiovisual, S.L.

- (d) Current accounts receivable amounting to 1,283,371 Euros relate to the sale of a number of associated companies and PLURAL Canarias in 2016 to Prisa Audiovisual, SL During the year ended at 31 December 2018 that company was merged into Prisa Participadas, SL.

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Aquisition Value	4,558,000
Amount received at 2016	(700,000)
Amount received at 2017	(1,286,000)
Accumulated effect of the financial update (a)	(36,241)
Amount receivable at 31 December of 2017	2,535,759
Amount received in 2018	(1,286,000)
Effect of the financial lease during 2018 (a)	33,612
Aquisition value on 31 December of 2018 (Note 19)	1,283,371

The amount receivable as of 31 December 2018 and 2017, resulting from the referred transaction will be received in accordance with the contractual terms established between the parties, as follows:

	2018	2017
Until 31 of January 2018	-	1,283,339
Until 31 of January 2019	1,283,371	1,252,420
	1,283,371	2,535,759

	2017				
	Other non-current assets (Note 17)	Trade and other receivables (Note 18)	Other current assets (Note 19)	Trade and other payables (Note 24)	Other current liabilities (Note 25)
Top parent company:					
Promotora de Informaciones, S.A.	-	-	150,374	50,330	-
Parent company:					
VERTIX	-	25,476	-	-	2,023,033
	-	25,476	150,374	50,330	2,023,033
Other companies:					
Prisa Audiovisual, S.L. (d)	1,252,420	-	1,283,339	-	-
Prisa Producciones de Video, S.L.	-	72,818	-	-	-
Santillana Editores, S.A.	-	23,311	-	-	-
Prisa Brand Solutions, S.L.U.	-	6,007	-	12,966	-
Prisa Tecnología, S.L.	-	3,957	-	4,611	-
Prisa Gestión de Servicios, SL	-	-	-	102	-
PLURAL Canarias	-	-	-	-	23,122
	1,252,420	106,093	1,283,339	17,679	23,122
	1,252,420	131,569	1,433,713	68,009	2,046,155

	2017			
	Services rendered	Other operating revenue	Supplies and services	Financial costs
Top parent company:				
Promotora de Informaciones, S.A.	-	-	826,798	-
Parent company:				
VERTIX	36,620	9,000	-	25,192
	36,620	9,000	826,798	25,192
Other companies:				
Prisa Brand Solutions, S.L.U.	226,471	-	64,713	-
Santillana Editores, S.A.	97,499	976	-	-
Prisa Producciones de Video, S.L.	38,105	-	-	-
SOCATER	29,000	-	-	-
Prisa Tecnología, S.L.	19,615	-	27,479	-
Promotora General de Revistas, S.A.	-	-	23,905	-
Prisa Gestión de Servicios, SL	-	-	338	-
	410,690	976	116,435	-
	447,310	9,976	943,233	25,192

At December 31, 2017, the most significant balances with related parties refer to:

Promotora de Informaciones, S.A.

- (a) Accounts receivable registered in the caption “Other current assets” correspond essentially income tax for the year receivable from the companies PLURAL España and Tesela, under the tax consolidation of Prisa in the amount of 150,374 Euros (Note 11).
- (b) The accounts payable correspond essentially to the Company’s management fees.

VERTIX

- (c) The accounts payable relate essentially to the estimated tax of the Group's various subsidiaries included in RETGS, in the amount of 1,997,841 Euros, related to the year ended at 31 December 2017 (Note 11).

Prisa Audiovisual, S.L.

- (d) Short and medium and long-term receivables which total is 2,535,759 Euros relate to the sale of a group of associated companies and PLURAL Canarias occurred in 2016.

In addition, in the years ended 31 December 2018 and 2017 the companies included in the consolidation carried out transactions between themselves at market prices, relating essentially to the following:

- Purchase of television and audiovisual contents;
- Purchase of cinema rights;
- Treasury loans and related interest; and
- Rendering of administrative and accounting services.

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28. FINANCIAL COMMITMENTS ASSUMED AND NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

At 31 December 2018 and 2017 the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 6,850,938 Euros and 10,044,216 Euros, respectively. The estimated dates in which the films and programs will be available for broadcasting and the related payment are as follows:

31 December 2018

<u>Nature</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 and following years</u>	<u>Total</u>
Entertainment	4,181,339	9,898	-	-	4,191,237
Series	342,883	-	-	-	342,883
Sport	600,000	90,000	-	-	690,000
Films	1,594,719	-	-	30,000	1,624,719
Others	-	-	-	2,100	2,100
	<u>6,718,940</u>	<u>99,898</u>	<u>-</u>	<u>32,100</u>	<u>6,850,938</u>

31 December 2017

<u>Nature</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 and following years</u>	<u>Total</u>
Entertainment	5,909,596	12,300	-	-	5,921,896
Series	553,113	-	156,949	-	710,062
Sport	484,825	180,000	180,000	-	844,825
Films	-	1,118,184	1,406,632	39,617	2,564,433
Others	-	3,000	-	-	3,000
	<u>6,947,534</u>	<u>1,313,484</u>	<u>1,743,581</u>	<u>39,617</u>	<u>10,044,216</u>

In addition, the Group entered into commitments with suppliers and other third parties related to the provision of current services related to the support of its operations. In particular, during the year ended at 31 December 2018, the Group agreed to provide outsourcing services for information systems for a period of 5 years, with a contracted annual amount of 1,000,000 Euros.

29. OPERATING LEASES

At 31 December 2018 and 2017 the Company had liabilities not reflected on the statement of financial position which total is 12,119,307 Euros and 10,692,543 Euros, respectively, under operating lease contracts.

The liabilities are as follows:

- (a) Lease contract of the Group's building facilities in Queluz de Baixo ending on 31 December 2022, with a preferential right of renewal.

Amounts recognised as cost:

	<u>2018</u>	<u>2017</u>
Minimum operating lease payments - Installations	<u>827,046</u>	<u>981,250</u>

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The liabilities assumed under this operating lease contract, not included in the statement of financial position, at 31 December 2018 and 2017 were as follows:

<u>Liabilities assumed:</u>	<u>2018</u>	<u>2017</u>
2018	-	992,472
2019	1,003,969	1,006,366
2020	1,019,028	1,020,455
2021	1,034,314	1,034,742
2022	1,049,828	1,049,228
	<u>4,107,139</u>	<u>5,103,263</u>

(b) Vehicle lease contract for 4 to 5 years.

<u>Amounts recognised as cost:</u>	<u>2018</u>	<u>2017</u>
Minimum vehicle lease payments	<u>751,384</u>	<u>780,647</u>

The liabilities assumed under these vehicle lease contracts at 31 December 2018 and 2017 were payable as follows:

<u>Liabilities assumed:</u>	<u>2018</u>	<u>2017</u>
2018	-	701,050
2019	752,963	536,540
2020	526,587	352,168
2021	393,919	226,291
2022	173,225	28,920
2023	23,548	-
	<u>1,870,242</u>	<u>1,844,969</u>

(c) Lease contracts for the studio and warehouse installations.

<u>Amounts recognised as cost:</u>	<u>2018</u>	<u>2017</u>
Minimum studio and warehouse lease payments	<u>1,011,494</u>	<u>852,711</u>

The liabilities assumed under these lease contracts at 31 December 2018 and 2017 are payable as follows:

<u>Liabilities assumed:</u>	<u>2018</u>	<u>2017</u>
2018	-	864,650
2019	1,028,135	876,754
2020	1,033,692	889,029
2021	1,008,023	558,078
2022	1,008,591	217,687
2023 and following years	2,063,485	338,113
	<u>6,141,926</u>	<u>3,744,311</u>

30. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates of exchange were used to translate foreign currency assets and liabilities to Euros at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
US dollar	1.145	1.199
British pound	0.895	0.887
Swiss franc	1.127	1.170
Canadian dollar	1.561	1.504

In addition, at 31 December 2018 and 2017 the following exchange rates were used to translate the US Dollar financial statements of Group companies to Euros:

	<u>2018</u>	<u>2017</u>
Exchange rate in force at the statement of financial position date	1.145	1.199
Average exchange rate for the year	1.039	1.184

In addition, there are fixed assets that were translated at the historical rates of 1.2405 and 0.9190.

31. CONTINGENT LIABILITIES

The Group received additional corporation income tax assessments in the years 2009 to 2018, resulting from tax inspections of the years 2006 to 2014 in the amount of approximately 1,873,000 Euros. In 31 December 2018, given the nature of the processes the Group disagrees with the additional assessments and, based on the opinion of its lawyers, believes that there are solid arguments to contest the position of the tax authorities and so it did not make any provision for them in the consolidated financial statements. Given the nature of the processes, the timing of their resolution depends on the various phases that they will undergo.

Following the sentence issued on 24 May 2013, and as a result of the dispute between TVI subsidiary and GDA – Cooperativa de Gestão dos Direitos dos Artistas Intérpretes ou Executantes ("GDA") concerning the establishment of equitable remuneration for the rights relating to the performance of artists, interpreters or executors, legally protected, the Court was requested to determine the annual remuneration to be paid by TVI. During the year ended at 31 December 2015, TVI filed a notice of opposition to the settlement incident presented by GDA in the amount of approximately € 17.3 million, based on assumptions and criteria to which the Group strongly opposes and disagrees, based on the entity's lack of judicial capacity to exercise the rights claimed, and on the inadequacy of the methodology used to support the claimed amount. Accordingly, the Group considers that the settlement presented is unfounded, having deduced the corresponding opposition and presented technical arguments from independent legal experts in the context of that opposition, requesting that the case be examined in the Intellectual Property Court in order to establish a Equitable remuneration of the rights relating to the performance of legally protected artists, interpreters or executors. On 20 May 2016, and as a result of that opposition, and according to the Group's claim, the decision of the Cascais Court was ruled that the Court was not competent to adjudicate the case, and it was decided to refer the case to Intellectual Property Court. At this date, the judgment is under way, having started in September 2017. In 2017, the GDA requested extension of the process to the years 2015 and 2016, a situation that led to an increase in the value of the mentioned request for approximately 19.6 million Euros. This request was contested by TVI and it was admitted on 12 December 2017. All the hearings were concluded in January 2019, being the additional probatory proceedings pending, which, once concluded, will initiate the period for the notification of the correspondent ruling.

Additionally, in addition to the opinions referred to in Note 23, the Group is involved in several lawsuits related essentially to defamation, freedom of the press, civil liability and regulatory actions, which amount to approximately 10,582,000 Euros. Based on the opinions of the Group's lawyers, no liability is assumed as a result of the outcome of these proceedings. Given their nature, the timing of their resolution depends on judicial resolution.

32. GUARANTEES GIVEN TO THIRD PARTIES

At 31 December 2018, the Group had the following bank guarantees and other guarantees given to third parties, were as follows:

Fiscal and other processes (a)	2,770,838
Competition prizes	1,761,468
Financial incentive under Operational Program Competitiveness	
Factors ("Programa Operacional Fatores de Competitividade")	59,460
Contracts to provide services and equipment acquisition	32,000

(a) The responsibility associated to this process is provisioned in accordance of the graduation of risk based on the opinions of the Group's lawyers and consultants (Notes 23 and 31).

In accordance with the information published by Prisa in the "National Securities Market Commission" (CNMV) in Spain, on 29 June 2018, several refinancing agreements between Prisa and a syndicate constituted by a group of bank and financing institutions entered in force. As from that date, and at the date of the consolidated statement of financial position, Media Capital, taking into account the indirect ownership relationship with Prisa, and as a result of the above mentioned renegotiation, is considered a "Restricted company" under those financing agreements terms.

Within the scope of this contractual position, Media Capital does not assume any payment obligations arising from Prisa's financial debt, and is subject only to restrictions on the level of transactions that the Group companies may carry out or enter into, in particular, with respect to investments, corporate transactions or additional indebtedness. In this way, any breach of contract by Prisa will not affect Media Capital's assets.

33. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Company and its subsidiaries in the year ended 31 December 2018 amounted to 1,815,844 Euros (2,469,856 Euros in 2017).

Remuneration for the year ended 31 December 2018 is divided between fixed remuneration of 1,441,623 Euros and variable remuneration of 374,221 Euros (1,444,005 Euros and 1,025,851 Euros in 2017).

Remuneration of the above mentioned key members is determined by the Company's Remuneration Commission considering the parameters relating to individual performance.

34. FINANCIAL INSTRUMENTS

At 31 December 2018 and 2017, the main assets and liabilities financial instruments, recorded at amortized cost, were as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial assets:</u>		
Available-for-sale financial assets	4,988	4,988
Trade and other receivables	32,880,489	37,468,293
Cash and cash equivalents (Note 20)	382,214	294,327
	<u>33,267,691</u>	<u>37,767,608</u>
<u>Financial liabilities:</u>		
Borrowings (Note 22)	86,043,695	95,556,763
Trade and other payables	54,142,121	53,226,218
	<u>140,185,816</u>	<u>148,782,981</u>

At 31 December 2018 and 2017 the Group only had financial assets and liabilities measured at amortized cost which, as shown above, correspond to available-for-sale financial assets, receivables, cash and cash equivalents, borrowings and payables.

As regards available-for-sale financial assets, current accounts receivable and accounts payable and cash and cash equivalents, the Group considers, in view of the specific characteristics of these financial instruments, that the fair value does not differ significantly from its book value, therefore it is not necessary, under the terms of IFRS 13, to present its fair value by measurement levels.

As regards borrowings, the Group believes that their fair value depends significantly on the level of risk attributed by the financial entities and the conditions that Grupo Media Capital will be able to obtain on the date of the statement of financial position, if it went to the market to contract borrowings of the same amount and terms as those existing at 31 December 2018. However, borrowings were renegotiated during the years 2018 and 2016, so their conditions were adjusted considering the current conditions of the financial markets and the level of risk attributed by the banks to the Group, and so the Group's Board of Directors believes that the book value of the loans does not differ significantly from their fair value, therefore it is not necessary, under the terms of IFRS 13, to present its fair value by measurement levels.

Grupo Media Capital in its business is exposed to a series of financial risks which could affect its value, which, by nature, are as follows:

- Market risk, based essentially on interest rate risk and exchange rate risk;
- Credit risk; and
- Liquidity risk.

Therefore, management is focused on two fundamental principles:

- Whenever possible decrease profit and cash flow fluctuations subject to risk;
- Limit variations in relation to projected results, through careful financial planning, based on multiannual budgets.

(a) Market risk

Market risk relates to changes in interest rates and exchange rates.

(i) Interest rate

In order to monitor this risk the Group regularly controls the financial autonomy and Net Debt/EBITA ratios, as well as other measures that attest the balance of its indebtedness structure.

Interest rate risk relates essentially to interest cost resulting from bonds issued and the commercial paper program at variable interest rates.

At 31 December 2018 the full amount of the loan contracted was exposed to changes in the market interest rate.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2018 and 2017 net profit for these years would have increased or decreased by approximately 412,000 Euros and 494,000 Euros, respectively.

(ii) Exchange rate

Exchange rate risk relates essentially to exposure to the investment in Plural Entertainment Inc. (participated in by PLURAL España, with head office in Miami) as well as to debts in currencies other than the Euro, the Group's functional currency.

At 31 December 2018, the exposure resulting from the holding of PLURAL Entertainment amounts to net assets of USD 369,678 (322,863 Euros at that date) and total liabilities of USD 4,554,934 (3,978,108 Euros).

In case of exchange rates were higher or lower by 0.5% during the years ended at 31 December 2018 and 2017, the net result for those years would have increased or decreased by approximately 1,400 Euros and 1,300 Euros, respectively.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 36)

In addition, exchange rate risk at 31 December 2018 relates to:

- Television program broadcasting rights contracts entered into with several foreign producers;
- Cinema and video program broadcasting rights contracts with independent producers.

The exchange rate risk relating to these contracts is small considering their short payment terms.

The foreign currency balances of the Group in Euros, translated at the exchange rates as of 31 December 2018 and 2017 are as follows:

Balances due	2018	2017
American dollar (USD)	67,374	4,319
Swiss Franc (CHF)	57,609	-
British Pound (GBP)	4,025	5,291
	129,008	9,610

If the exchange rates were higher or lower by 0.5% on December 31, 2018 and 2017, the amount of those commitments would have increased or decreased by approximately 570 Euros and 48 Euros, respectively.

The risk to which the Company is subject includes the exposure to exchange rate risk in future contracts of transmission rights that will be entered into, for which hedging instruments are not contracted.

Exchange rate risk is also related to contracts for the sale of signals and contents to foreign customers. As of 31 December 2018 and 2017, there are agreements, denominated in foreign currency, for the sale of transmission rights and formats, in the amounts of 172,328 Euros and 183,649 Euros, respectively.

The Group's foreign currency balances receivable denominated in Euros at the exchange rate as of 31 December 2018 and 2017 are as follows:

Balances due	2018	2017
American dollar (USD)	1,364,681	2,038,234
Canadian Dollar (CAD)	8,646	45,148
Swiss Franc (CHF)	6,649	5,215
British Pound (GBP)	-	141
	1,379,976	2,088,738

(b) Credit risk

Credit risk is mainly related to the accounts receivable resulting from the operations of the Group's various companies (Notes 18 and 19), which seeks to be mitigated by the policy of discounts granted in advance or by prompt payment. This risk is monitored on a regular basis by each of the Group's businesses with the objective of:

- limit credit granted to customers, considering their profile and seniority of the account receivable;
- monitor the evolution of the level of credit granted;
- to analyze the recoverability of amounts receivable on a regular basis.

Impairment losses on accounts receivable are calculated considering the factors referred to in Note 2.9.

The movement in impairment losses on accounts receivable is disclosed in Note 23.

At 31 December 2018, the Board of Directors is aware that the estimated impairment losses on accounts receivable are adequately disclosed in the consolidated financial statements. The Company believes that there is no need to increase the impairment of accounts receivable beyond the amount included in Note 23. In addition, discounts granted in advance or in cash, as a measure of credit risk reduction in the Group.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 36)

At 31 December 2018 and 2017, the accounts receivable from third parties include net balances as follows, for which impairment losses, as described in Note 23, in the amount of 4,117,215 Euros were recorded:

Overdue balances	2018	2017
Up to 90 days	3,819,764	4,871,574
From 90 to 180 days	555,056	960,720
More than 180 days	718,131	2,107,162
	5,092,951	7,939,456

Balances overdue more than 180 days result from the Group's expansion into other markets with longer average repayment terms.

Credit risk is limited as a result of the Group's customer base being diversified and unrelated.

The Group's financial assets relate primarily to trade accounts receivable and other external accounts receivable, for which the Group applied the simplified approach of IFRS 9 to measure the expected impairment loss over the economic life of the credit. The Group determines the expected credit loss of these assets through the use of an impairment matrix, estimated on the basis of the experience of historical loss of accounts receivable based on the seniority of accounts receivable, adjusted where appropriate to reflect current conditions and estimates of future economic conditions. Additionally, for short-term related party accounts receivable, the Group adopts the expected 12-month loss model.

Notes 18, 19 and 23 present in detail the amounts of impairment losses recognized for each type of asset.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from internal and external sources, when available, of actual and forecasted economic information related to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- The debtor not meeting the established due dates of the receivables.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of payment terms by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above) or;
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, namely with the publication of the foreclosure of the debtor.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(c) Liquidity risk

Liquidity risk can occur if the funding sources, such as operating cash flow, divestment, credit lines and cash flows obtained from financing operations are not sufficient to meet the financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and repayment of debt.

In order to mitigate this risk, the Group looks for maintaining a liquid position and average debt maturities that enable it to repay debt on adequate terms. At 31 December 2018 and 2017 the amount of cash and cash equivalents and the unused amount credit lines contracted totaled 21,833,296 Euros and 29,121,497 Euros, respectively.

The Company believes that these amounts, together with the operating cash flow and the Company's ability to renew the credit lines available, namely commercial paper and overdraft facilities, are sufficient to cover its short term financial liabilities.

Financial liabilities at 31 December 2018 and 2017 mature as follows:

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 36)

<u>Financial liabilities</u>	2018			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Borrowings	39,928,742	8,593,990	37,520,963	86,043,695
<u>Not remunerated:</u>				
Current tax liability	-	-	-	-
Other current liabilities	21,211,949	-	-	21,211,949
Trade and other payables	32,930,172	-	-	32,930,172
	<u>94,070,863</u>	<u>8,593,990</u>	<u>37,520,963</u>	<u>140,185,816</u>
	2017			
<u>Financial liabilities</u>	Up to 1 year	1 to 2 years	+ 2 years	Total
<u>Remunerated:</u>				
Borrowings	34,323,833	42,539,166	18,693,764	95,556,763
<u>Not remunerated:</u>				
Current tax liability	5,254	-	-	5,254
Other current liabilities	21,851,066	-	-	21,851,066
Trade and other payables	31,369,898	-	-	31,369,898
	<u>87,550,051</u>	<u>42,539,166</u>	<u>18,693,764</u>	<u>148,782,981</u>

35. THE STATUTORY AUDITOR'S FEES

The total fees for the year ended 31 December 2018 and 2017 by the Statutory Auditor amounted to 307,048 Euros (322,484 Euros in 2017), made up as follows:

<u>Nature of the services</u>	2018	2017
Legal audit of the accounts (a)	285,548	282,201
Other reliability assurance services (b)	18,000	-
Review of financial ratios of annual accounts	3,000	3,000
Audit of the internal control (c)	500	11,950
Other services	-	25,333
	<u>307,048</u>	<u>322,484</u>

(a) This item in 2018 includes the amount of 12,000 Euros (15,961 Euros in 2017), related to other entities of the Network of the Statutory Auditor, in relation to the audit of the Group companies based in Spain.

(b) This item relates to internal audit work performed by other entities of the Statutory Auditor's network.

(c) The amount of this item in 2018 refers exclusively to the certification, by the Statutory Auditor, for regularization of Value Added Tax on bad debt receivables.

36. NOTE ADDED FOR TRANSLATION

The accompanying consolidated financial statements are a translation of consolidated financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANTTHE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

STATEMENTS OF INCOME AND OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of financial statements originally issued in Portuguese - Note 26)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>OPERATING REVENUE:</u>			
Services rendered	4 and 20	5,133,951	5,305,963
Other operating revenue	4 and 20	370,801	286,079
Total operating revenue		<u>5,504,752</u>	<u>5,592,042</u>
<u>OPERATING COSTS:</u>			
Supplies and services	5	(2,955,807)	(3,142,623)
Personnel costs	6	(2,431,267)	(2,333,018)
Amortization and depreciation	10	(36,263)	(37,380)
Other operating expenses		<u>(46,335)</u>	<u>(53,547)</u>
Total operating cost		<u>(5,469,672)</u>	<u>(5,566,568)</u>
Operating profit		<u>35,080</u>	<u>25,474</u>
<u>NET FINANCIAL ITEMS:</u>			
Financial expenses	7	(1,979,527)	(2,829,072)
Financial income	7	2,036,821	2,890,883
		57,294	61,811
Gains on subsidiaries	11	<u>18,916,190</u>	<u>18,032,108</u>
		<u>18,973,484</u>	<u>18,093,919</u>
Profit before tax		19,008,564	18,119,393
Income tax	8	<u>190,950</u>	<u>436,038</u>
Net profit for the year		<u>19,199,514</u>	<u>18,555,431</u>
Comprehensive income for the year		<u>19,199,514</u>	<u>18,555,431</u>

The accompanying notes form an integral part of the statement of income and other comprehensive income for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of financial statements originally issued in Portuguese - Note 26)

<u>ASSETS</u>	<u>Notes</u>	<u>2018</u>	<u>2017</u>
NON-CURRENT ASSETS:			
Intangible assets	9	62,497	55,818
Tangible fixed assets	10	13,069	12,155
Investments in subsidiaries	11	174,413,138	174,413,138
		<u>174,488,704</u>	<u>174,481,111</u>
CURRENT ASSETS:			
Trade and other receivables	12	438,282	115,029
Current deferred tax asset	8	215,445	267,163
Other current assets	13	39,863,989	64,766,472
Cash and cash equivalents	14	3,476	3,222
		<u>40,521,192</u>	<u>65,151,886</u>
TOTAL ASSETS		<u><u>215,009,896</u></u>	<u><u>239,632,997</u></u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY:			
Capital	15	89,583,971	89,583,971
Reserves	15	45,601,058	45,638,527
Retained earnings	15	23,535,520	23,535,520
Net profit for the year		19,199,514	18,555,431
Total equity		<u>177,920,063</u>	<u>177,313,449</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	16	-	35,200,708
CURRENT LIABILITIES:			
Borrowings	16	35,817,780	25,677,185
Trade and other payables	17	389,686	478,594
Other current liabilities	18	882,367	963,061
		<u>37,089,833</u>	<u>27,118,840</u>
Total liabilities		<u>37,089,833</u>	<u>62,319,548</u>
TOTAL EQUITY AND LIABILITIES		<u><u>215,009,896</u></u>	<u><u>239,632,997</u></u>

The accompanying notes form an integral part of the statement of financial position as of 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in Euros)

(Translation of financial statements originally issued in Portuguese - Note 26)

	Notes	2018	2017
<u>OPERATING ACTIVITIES:</u>			
Cash receipts from customers		7,086,978	7,719,419
Cash paid to suppliers		(4,185,481)	(4,421,349)
Cash paid to employees		(2,252,383)	(2,638,782)
Flows (used in)/generated by operations		649,114	659,288
Receipts related to income tax		13,261	85,694
Other payments related to operating activities		(822,919)	(889,417)
Net cash (used in)/from operating activities (1)		(160,544)	(144,435)
<u>INVESTING ACTIVITIES:</u>			
Cash received relating to:			
Interest and similar income	7	2,890,883	3,284,042
Dividends	11	18,916,190	18,032,108
Repayment of loans to participated companies	20	50,082,172	40,591,497
		71,889,245	61,907,647
Cash paid relating to:			
Loans granted to participated companies	20	(26,021,000)	(26,085,400)
Acquisition of tangible fixed assets		(8,814)	(22,489)
Acquisition of intangible assets		(50,253)	(3,783)
		(26,080,067)	(26,111,672)
Net cash from/(used in) investing activities (2)		45,809,178	35,795,975
<u>FINANCING ACTIVITIES:</u>			
Cash received relating to:			
Borrowings from the parent company	16 and 20	-	4,605,700
Cash paid relating to:			
Repayment of loans obtained	16	(24,750,000)	(15,000,000)
Repayment of loans obtained from the parent company	16 and 20	-	(4,605,700)
Dividends	15	(18,592,900)	(17,747,768)
Interest and similar costs		(2,305,480)	(2,915,338)
		(45,648,380)	(40,268,806)
Net cash (used in)/from used in financing activities (3)		(45,648,380)	(35,663,106)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		254	(11,566)
Cash and cash equivalents at the beginning of the year	14	3,222	14,788
Cash and cash equivalents at the end of the year	14	3,476	3,222

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MÉDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in Euros)

(Translation of financial statements originally issued in Portuguese - Note 26)

	<u>Capital (Note 15)</u>	<u>Reserves (Note 15)</u>	<u>Retained Earnings (Note 15)</u>	<u>Net Profit for the year</u>	<u>Total Equity</u>
Balance at 31 December 2016	89,583,971	46,867,704	23,535,520	16,518,591	176,505,786
Appropriation of net profit for the year:					
Transfer to reserves (Note 15)	-	825,929	-	(825,929)	-
Distribution of free reserves (Note 15)	-	(2,055,106)	-	-	(2,055,106)
Distribution of dividends (Note 15)	-	-	-	(15,692,662)	(15,692,662)
Net profit for the year	-	-	-	18,555,431	18,555,431
Balance at 31 December 2017	<u>89,583,971</u>	<u>45,638,527</u>	<u>23,535,520</u>	<u>18,555,431</u>	<u>177,313,449</u>
Appropriation of net profit for the year:					
Transfer to reserves (Note 15)	-	18,555,431	-	(18,555,431)	-
Distribution of free reserves (Note 15)	-	(18,592,900)	-	-	(18,592,900)
Distribution of dividends (Note 15)	-	-	-	19,199,514	19,199,514
Net profit for the year					
Balance at 31 December 2018	<u>89,583,971</u>	<u>45,601,058</u>	<u>23,535,520</u>	<u>19,199,514</u>	<u>177,920,063</u>

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

1. INTRODUCTORY NOTE

Grupo Média Capital, SGPS, S.A. ("the Company") was founded in 1992, having as main activity the management of investments in other companies as an indirect form of developing an economic activity. The Company's head office is in Portugal in Rua Mário Castelhana, nº 40, Barcarena, and it is registered in Commercial Registry Office of Cascais under the corporate entity number 502 816 481. Through its subsidiaries and associated companies ("the Group" or "Grupo Media Capital"), it operates in the sectors of broadcasting and production of television programs and other media business, in the production and broadcasting of radio programs and in the production and exploitation of cinema and video sectors.

The Company's main shareholder is Vertix, SGPS, S.A. ("VERTIX"), which has its head office in Barcarena, and the Group's consolidated financial statements are included in the consolidated financial statements of Promotora de Informaciones, S.A. ("Prisa"), the parent company of VERTIX, with head office in Madrid, which has its shares listed in Spain.

The accompanying financial statements were approved by the Board of Directors on 27 February 2018 and will be subject to approval by the Shareholders' General Meeting on a date to be convened in accordance with the law and the statutes.

The Company's shares are listed at Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. stock exchange.

These individual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union, and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), for approval and publication in accordance with the legislation in force.

In accordance with IFRS, financial investments are recorded at the acquisition cost. Consequently, the accompanying financial statements do not include the effect of the consolidation of assets, liabilities, income and expenses, which will be made in the consolidated financial statements to be approved and published separately. The effect of this consolidation is to increase assets, liabilities, operating income and net income by 78,880,775 Euros, 113,281,443 Euros, 176,303,990 Euros and 2,373,612 Euros, respectively, and to decrease equity of 34,400,668 Euros.

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The financial statements were prepared on a going concern basis, under which assets must be realized and liabilities settled in the normal course of business, based on the Company's accounting records.

The Board of Directors evaluated the Company's ability to operate on a continuous basis, based on all relevant information, facts and circumstances of financial, commercial and other natures, including all known subsequent events occurred after the financial statement's reference date. As a result of the evaluation carried out (Note 22), the Board of Directors concluded that the Company has adequate resources to maintain its activities and fully comply with its obligations, with no intention to terminate them in the short term, and considered appropriate to use the assumption of continuity of operations in the preparation of the financial statements.

2.2 Intangible assets

Intangible assets are recorded at cost discounted of accumulated amortization and any impairment losses. Intangible assets are only recognized when it is probable that they will bring future financial benefits, they are controllable and their value can be reasonably determined.

Amortization of intangible assets with defined useful lives, which correspond to computer programs, is calculated on a straight-line basis as from when they are available for use, over the estimated period of useful life in which the intangible assets generate future financial benefits, which is three years.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

2.3 Tangible fixed assets

Tangible fixed assets are stated at cost discounted of accumulated depreciation and, where applicable, impairment losses. Cost includes the purchase price plus any costs necessary to place the asset in the location and in condition necessary to work.

Tangible fixed assets are depreciated as from the time the assets are available for use. The cost of such assets, discounted of their residual value, where this can be estimated, is depreciated on a straight-line basis over their estimated useful lives.

The depreciation rates used correspond to the following average periods of useful life:

	<u>Years</u>
Buildings and other constructions	10
Administrative equipment	4
Other tangible fixed assets	3 – 10

2.4 Classification in the statement of financial position

Assets realisable and liabilities which the Company does not have the unconditional right to defer payment for more than twelve months from the date of the statement of financial position, that are expected to be realised in the normal course of operations, or held with the intention of being traded, are classified as current assets and liabilities, respectively. All other assets and liabilities are classified as non-current.

2.5 Investments in subsidiaries

Equity investments in subsidiaries are recorded at cost discounted of, when applicable, impairment losses.

Dividends received from subsidiaries are recorded as financial income when they are attributed.

2.6 Financial instruments

Financial instruments (financial assets and financial liabilities) are recognized when the Company becomes a contractual party of the respective instrument that gives the Company the right or obligation to receive or pay a certain amount to a third party.

2.6.1 Trade and other receivables and other current assets

Trade and other receivables and other current assets are recognized at amortized cost, using the effective interest rate, or at its nominal value, which is understood to correspond to the amortized cost, to the extent that it is expected to be received in the short term and that it does not significantly differ from its fair value at the date of the engagement, discounted of any impairment losses. Impairment losses are recognized when there is objective evidence that all the amounts due will not be collected in accordance with the terms originally established to settle the receivables. The amount of the loss corresponds to the difference between the amount recorded and the estimated amount recoverable. The impairment loss is recognized in the statement of profit and loss of the period, in which such constitution occurs.

In accordance with the expected simplified approach, the Company recognizes the lifetime expected impairment losses for the economic life of trade accounts receivable, other accounts receivable and other current assets. The expected losses on these financial assets are estimated using an impairment matrix based on the Company's historical experience of impairment losses, affected by specific factors of the borrowers, the general economic conditions and an assessment of the current and prospective circumstances at the date of financial reporting, including the time value of money, when appropriate.

For the remaining financial instruments where the simplified approach is not adopted, the Company recognizes expected lifetime impairment when there is a significant increase in its credit risk after initial recognition. However, in particular, regarding to Accounts receivable from related party, if there is no increase in the credit risk of the respective financial instrument, the

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

Company measures the impairment loss of that instrument for an amount equivalent to the expected losses in the twelve-month period ("12 months expected credit losses").

The lifetime expected losses represent the impairment losses that result from all possible default events in the expected life of the financial instrument. In contrast, expected 12-month losses represent the portion of lifetime losses that are expected to result from default events in the financial instrument and are considered likely to occur twelve months after the financial reporting date.

Measurement and recognition of expected credit losses

The measurement of expected impairment losses reflects the estimated probability of default, the probability of loss due to that default (i.e. the magnitude of the loss if a default occurs) and the Company's actual exposure to that default.

The valuation of the probability of default and loss due to this default is based on existing historical information, adjusted for future forward information as described above.

As for the exposure to the default, for financial assets, it is represented by the gross book value of the assets at each reporting date. For financial assets, the expected impairment loss is estimated as the difference between all contractual cash flows due to the Company as agreed between the parties and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognizes gains and losses relating to impairment in the income statement for all financial instruments, with the corresponding adjustments to their book value through the accumulated impairment losses account in the statement of financial position.

Note 22 presents in detail the definitions and policies followed by the Company in determining a significant increase in credit risk, a default event, the recognition of impairment losses and the write-off policy.

2.6.2 Cash and cash equivalents

"Cash and cash equivalents" comprise cash on hand, demand deposits, term deposits and other treasury applications that are readily convertible to cash with an insignificant risk of change in value.

2.6.3 Trade and other payables and other current liabilities

Accounts payable are recorded initially at fair value and are subsequently measured at amortized cost, discounted from any interest calculated and recognized in accordance with the effective interest rate method.

2.6.4 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods borrowings are recorded at amortized cost, any difference between the amount received (net of transaction costs) and the amount payable is recognized in the statement of profit and loss over the period of the borrowings, using the effective interest rate method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer payment of the liability for more than twelve months as from the statement of financial position data.

2.7 Impairment of non-current assets

Impairment tests are made at each statement of financial position date and whenever an event or change in circumstances is noted that indicates that the book value of an asset is not recoverable.

Whenever the book value of an asset exceeds its recoverable value an impairment loss is recognised immediately as an operating cost for the year in the statement of profit and loss.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

The recoverable amount is the higher of the net selling price and value in use. The net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, discounted of costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows resulting from continued use of the asset and its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the cash generating unit to which the asset belongs.

2.8 Income tax

Income tax for the year consists of current tax and deferred tax.

The Company is covered by the special regime for the Taxation of Groups of Companies, which covers all the companies in which VERTIX, the Company's parent company has a direct or indirect participation of at least 75% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to the general corporation income tax regime, as well as the existence or not of tax losses carried forward from periods prior to inclusion in the regime.

Deferred taxes are calculated based on temporary differences between the amount of assets and liabilities for accounting and for tax purposes and tax losses carried forward. Deferred tax assets and liabilities are calculated and assessed periodically at the tax rates in force or announced to be in force on the dates the timing differences are expected to reverse.

Deferred tax assets are only recognised when there is a high degree of probability that there will be sufficient future taxable profits to use them or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At each statement of financial position date a review is made of such deferred taxes, these being reduced whenever their future use is no longer probable.

Deferred taxes are recorded as cost or income for the year, except when they result from amounts recorded directly in equity, in which case the deferred taxes are also recognised in equity.

2.9 Revenue and accruals basis

Revenue from services rendered corresponds essentially to management services and is recognized in the statement of profit and loss when the services are rendered.

Costs and revenue are recognized in the period to which they relate, regardless of the date they are paid or received. The amount of costs and revenue is estimated where the actual amount is unknown.

2.10 Subsequent events

Events occurring after the statement of financial position date that provide additional information on conditions that existed on that date, are reflected in the financial statements. Events occurring after the statement of financial position date that provide additional information on the conditions that existed after that date, if material and result in a material effect on the financial statements, are disclosed in the notes to the financial statements.

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3. CHANGES IN ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND CORRECTIONS OF FUNDAMENTAL ERRORS

Except for the effect of the adoption of the new standards and interpretations or of the changes that came into effect in years starting on 1 January 2018, during 2018 neither there were changes in accounting policies in relation to those used to prepare the financial information for 2017, in accordance with the requirements of the IFRS, nor material errors were corrected in respect to prior years.

Amendments to IFRS for mandatory application in 2018

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time in the year ended 31 December 2018:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRS 9 - Financial Instruments	1-Jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities, the methodology for estimating impairment and the application of hedge accounting rules.
IFRS 15 - Revenue from Contracts with Customers	1-Jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts settled with clients, replacing IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Direct exchange transactions involving advertising services.
IFRS 15 Revenue from Contracts with Customers, clarifications	1-Jan-18	These amendments introduce several clarifications in order to eliminate the possibility of divergent interpretations of various issues.
Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	1-Jan-18	This amendment provides guidance on the application of IFRS 4 in combination with IFRS 9. IFRS 4 Insurance Contracts will be superseded by IFRS 17.
Amendment to IFRS 2: Classification and measurement of share payment transactions	1-Jan-18	This amendment clarifies that a change in classification of or for investment property should only be made when there is evidence of a change in the use of the asset.
Improvements to international financial reporting standards (cycle 2014-2016)	1-Jan-18 except for the amendments to IFRS 12, whose application date is January 1, 17	These improvements involve the clarification of some aspects related to: IFRS 1 - First-time adoption of international financial reporting standards: eliminates some short-term exemptions; IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the rule regarding its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in associates and joint ventures: introduces clarifications on the fair value measurement by results of investments in associates or joint ventures held by venture capital companies or by investment funds.

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IFRIC 22 - Transactions in foreign currency including advances for purchase of assets	1-Jan-18	This interpretation establishes the date of the initial recognition of the advance or deferred income as the date of the transaction for the purpose of determining the exchange rate of recognition of revenue.
Amendment to IAS 40: Transfers of investment property	1-Jan-18	This amendment clarifies that a change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset.

IFRS 9 – Financial Instruments

In the year ended at 31 December 2018, the Company applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRS Standards that are effective for periods beginning on or after 1 January 2018.

The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company elected that option in the adoption and did not restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognized as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018.

Comparative amounts in relation to instruments that continue to be recognized as at 1 January 2018 have not been restated.

All financial assets of the Company recognized and within the scope of IFRS 9 are measured at amortized cost or at fair value on the basis of the entity's business model to manage its financial assets and according to the characteristics of the contractual cash flows of each entity financial asset. In the case of the Company, financial assets are subsequently measured at amortized cost.

The Board of Directors reviewed and evaluated the financial assets existing at 1 January 2018, based on the facts and circumstances that existed at that date, and concluded that the initial application of IFRS 9 had no impact on the classification and measurement of the Company's financial assets. In particular, financial assets mainly relate to trade accounts receivable and other accounts receivable from third parties that are measured at amortized cost under IAS 39 and will continue to be measured at amortized cost under IFRS 9, since they are held in scope of the Company's business model with a view to its normal collection in accordance with the contractually established terms for its cash flows.

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(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9, as referred to in Note 2.9, requires an expected credit loss model, differently to an incurred credit loss model under IAS 39.

As the Company did not elected to restate comparatives, it was not necessary to carry out any credit risk assessment of financial assets on a date other than January 1, 2018.

(c) Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

The application of IFRS 9 has had no impact on the Company's cash flows. Similarly, as the year 2017 was not restated, there were no impacts of the application of IFRS 9 on the reported basic and diluted earnings per share.

IFRS 15 – Contracts with customers

Regarding the implementation of IFRS 15 - Revenue from contracts with clients, which replaced IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Direct exchange transactions involving advertising services were evaluated and recognized, with effects reported at 1 January 2018.

IFRS 15 combines more information on the treatment applied to more specific scenarios. Details of the new requirements, as well as their impact on the Company's financial statements, are presented below.

The Company has applied the simplified retrospective transition method on the transition date, which did not create impacts at 1 January 2018 or in the consolidated income statement for 2017 presented for comparative purposes. In addition, it has used the practice files for completed and modified contracts and for disclosures relating to performance obligations yet to be met and recognition of revenue presented before the initial application date, i.e., 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. However the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has not adopted the terminology used in IFRS 15 to describe such balances, not changing any caption of the financial statements.

The Company's accounting policies for its revenue streams are disclosed in detail in Note 2 above.

The Board of Directors evaluated the different revenue streams referred to in Note 2 and, in addition to the more extensive disclosure requirements required by IFRS 15 for recognized transactions, concluded that the main impact arising from the implementation of referred IFRS concerns the presentation of transactions relating to Multimedia Services and certain services related to advertising. As the Company concluded that it has control of these services, which, in accordance with IFRS 15, determines that the Company has the position of principal of the transactions, has recorded separately the revenue and its expenses. As envisioned in IFRS 15, the Company no longer considers credit risk in this evaluation, in contrast to IAS 18.

In addition, there were no other significant changes in the main estimates used by the Company in the preparation of the financial statements.

Relevant estimates in the preparation of the financial statements

In preparing the financial statements, the Board of Directors was based on the knowledge and experience of past and/or current events and assumptions relating to future events to determine the accounting estimates.

The most significant accounting estimates, reflected in the financial statements for the year ended 31 December 2018, included impairment analysis of the investment in subsidiaries and other non-current assets.

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These estimates were determined based on the best information available at the date of preparation of the financial statements. However, and given the number of qualitative factors involved, events may occur in subsequent periods that, due to their timing, were not considered in these estimates. Significant changes to these estimates that occur after the date of the financial statements are recorded in profit or loss prospectively in accordance with IAS 8.

New IFRS or revised IFRS adopted with mandatory application in future years

The following standards, interpretations, amendments and revisions, with mandatory application in the coming years, were, as of the date of approval of these financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 16 – Lease	1-Jan-19	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - L. The standard provides a single lessee accounting requiring lessees to recognise assets and liabilities leases unless the lease term is 12 months or less and the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the IFRS approach to lessor accounting substantially unchanged from its predecessor, IAS 17.
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1-Jan-19	This amendment allows financial assets with contractual conditions which, in their early amortization, allow the payment of a considerable amount by the creditor, can be measured at amortized cost or at fair value for reserves (depending on the business model), since that: (i) on the date of the initial recognition of the asset, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation in the early amortization is the only reason for the asset in question to be not considered as an instrument that only includes payments of principal and interest.
IFRIC 23 - Uncertainty over Income Tax Treatments	1-Jan-19	This interpretation provides guidance on the determination of taxable income, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the treatment of income tax.

These standards were not adopted by the Company in 2018, since their application is not mandatory. As a result of the application of these standards, are expected the following impacts:

IFRS 16 – Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.

The Company has chosen the simplified retrospective application of IFRS 16 in accordance with IFRS 16.C3(b), C7 and C8. Consequently, the Company will not restate the comparative information.

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In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project.

The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Company will:

- a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 31 December 2018, the Company has non-cancellable operating lease commitments of 129,000 Euros.

A preliminary assessment indicates that all of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Company will recognise a right-of-use asset of 129,000 Euros and a corresponding lease liability of the same amount in respect of all these leases. The impact on profit and loss is to decrease Other expenses by 43,000 Euros, to increase depreciation by 42,000 Euros and to increase interest expense by 1,000 Euros.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

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The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities by 45,000 Euros and to increase net cash used in financing activities by the same amount.

Finance leases

On initial application the Company will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Other standards

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRS 17 - Insurance Contracts	1-Jan-21	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Annual Improvements to IFRS Standards 2015–2017 Cycle	1-Jan-19	These improvements involve the clarification of some aspects related to: IFRS 3 - Concentration of business activities: when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business; IFRS 11 - Joint ventures: clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business; IAS 12 - Income Tax: clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises; IAS 23 - Borrowing costs: clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1-Jan-19	This amendment clarifies that IFRS 9 should be applied (including related impairment requirements) to investments in associates and joint ventures when the equity method is not applied in their measurement.
Amendments to IAS 19: Change in Plan, Restriction or Settlement	1-Jan-19	If a plan amendment, cut or settlement occurs, it is now mandatory that the current service cost and net interest for the period after remeasurement are determined using the assumptions used for remeasurement. In addition, amendments were included to clarify the effect of a change, reduction or settlement of the plan on the asset ceiling requirements.
Amendments to references to the Framework in IFRS	1-Jan-20	It corresponds to amendments in several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS

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34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 e SIC 32) in relation to references to the Revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and liability and new guidance on measurement, derecognition, presentation and disclosure.

Amendment to IFRS 3 - Business Definition	1-Jan-20	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition also clarifies the output definition of a business as a supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-20	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.

These standards have not yet been endorsed by the European Union and as such were not applied by the Company in the year ended 31 December 2018.

For these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, the Board of Directors does not consider that significant impacts on financial statements will arise from their future adoption.

4. OPERATING REVENUE

Operating revenue for 2018 and 2017 consists essentially of management services rendered to Company companies (Note 20).

5. SUPPLIES AND SERVICES

Supplies and services for the years ended 31 December 2018 and 2017 are made up as follows:

	2018	2017
Specialized services rendered by related parties (Note 20)	1,993,968	2,058,259
Specialized services	674,357	646,050
Rent and lease	169,574	171,844
Travel and lodging	26,369	50,002
Representation expenses	12,372	61,667
Insurance	7,665	8,485
Others	71,502	146,316
	<u>2,955,807</u>	<u>3,142,623</u>

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6. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
Remuneration	1,709,138	1,673,384
Charges on remuneration	294,955	310,542
Performance bonus	363,211	195,922
Compensation for contractual terminations	23,076	30,586
Labour accident insurance and related costs	-	42,193
Other	40,887	80,391
	<u>2,431,267</u>	<u>2,333,018</u>

During the years ended at 31 December 2018 and 2017, the average number of personnel employed by the Company was 22 and 23 employees, respectively.

7. NET FINANCIAL ITEMS

Net financial items for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial cost:</u>		
Interest cost (a)	<u>1,979,527</u>	<u>2,829,072</u>
<u>Financial income:</u>		
Interest obtained from related parties (Note 20)	<u>2,036,821</u>	<u>2,890,883</u>
	<u>57,294</u>	<u>61,811</u>

(a) The interest incurred in 2018 and 2017 relates essentially to the bond loan that was issued on 14 July 2014 (Note 16). During the year ended at 31 December 2017, interest on related entities amounted to Euro 25,192 (Note 20).

(b)

8. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Company is subject to corporation income tax at the normal rate of 21% in accordance with article 87 of the Corporation Income Tax Code, which can be increased by a Municipal Surcharge of up to a maximum of 1.5% of taxable income, resulting in a total maximum rate of 22.5%. In addition, in 2017, taxable profit exceeding 1,500,000 Euros is subject to a State Surcharge in accordance with article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit from 1,500,000 Euros to 7,500,000 Euros;
- 5% for taxable profit from 7,500,000 Euros to 35,000,000 Euros;
- 9% for taxable profit exceeding 35,000,000 Euros.

In addition, net financial costs for 2018 and following years are deductible for determining annual taxable income of each company at the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net financial costs and taxes.

In accordance with article 88 of the Corporation Income Tax Code the Company is subject to autonomous taxation of certain charges at the rates established in the article.

The Company estimates income tax in accordance with the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - "RETGS"), which has VERTIX as its head.

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In accordance with current legislation tax losses generated between 2014 and 2016 can be carried forward during a period of twelve years, limited to 70% of the Group's taxable profit (five years for the losses generated between 2013 and from 2017). At 31 December 2018 the Company did not have any tax losses carried forward.

In accordance with current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there are tax losses, tax benefits have been granted, tax inspections are in progress or there are claims or appeals, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2015 to 2018 are still subject to review and correction. The Board of Directors believes that any corrections to the tax returns that might result from reviews carried out by the tax authorities will not have a significant effect on the financial statements.

Reconciliation of the tax rate for the years ended 31 December 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Profit before tax	19,008,564	18,119,393
Nominal income tax rate	<u>21.0%</u>	<u>21.0%</u>
Estimated tax charge	3,991,798	3,805,073
Permanent differences (i)	(3,972,987)	(3,789,396)
Adjustment to income tax due (ii)	91,124	114,025
Excess estimated corporate income tax of prior years	<u>(300,885)</u>	<u>(565,740)</u>
	<u>(190,950)</u>	<u>(436,038)</u>
Current tax	<u>(190,950)</u>	<u>(436,038)</u>
Effective tax rate	<u>-1.00%</u>	<u>-2.41%</u>

(i) These amounts for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
Dividends attributed (Note 11)	(18,916,190)	(18,032,108)
Others, net	<u>(2,796)</u>	<u>(12,634)</u>
	<u>(18,918,986)</u>	<u>(18,044,742)</u>
	21.0%	21.0%
	<u>(3,972,987)</u>	<u>(3,789,396)</u>

(ii) This amount represents autonomous taxation of certain expenses.

The amounts of the Company's current income tax for the years ended 31 December 2018 and 2017 were recorded as accounts payable to VERTIX.

As of 31 December 2018, the debtor balance related to current tax assets in the amount of 215,445 Euros (267,163 Euros in 2017), relates to IRC to be recovered.

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9. INTANGIBLE ASSETS

Intangible assets at 31 December 2018 and 2017 amounted to 62,497 Euros and 55,818 Euros, respectively, and corresponded entirely to computer programs.

Amortization for the years ended 31 December 2018 and 2017 amounted to 25,207 Euros and 25,021 Euros, respectively (Note 10).

10. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2018 and 2017 were as follows:

	Buildings and other constructions	Administrative equipment	Other tangible fixed assets	Total
<u>Gross</u>				
Balance at 31 December 2016	74,850	146,150	861,917	1,082,917
Acquisitions	-	3,844	-	3,844
Sales and write-offs	-	(24,151)	(6,202)	(30,353)
Balance at 31 December 2017	74,850	125,843	855,715	1,056,408
Acquisitions	-	11,970	-	11,970
Balance at 31 December 2018	74,850	137,813	855,715	1,068,378
<u>Accumulated depreciation and impairment losses</u>				
Balance at 31 December 2016	61,751	139,114	861,382	1,062,247
Increase	7,485	4,737	137	12,359
Sales and write-offs	-	(24,151)	(6,202)	(30,353)
Balance at 31 December 2017	69,236	119,700	855,317	1,044,253
Increase	5,614	5,305	137	11,056
Sales and write-offs	-	-	-	-
Balance at 31 December 2018	74,850	125,005	855,454	1,055,309
<u>Net amount</u>				
Net amount at 31 December 2017	5,614	6,143	398	12,155
Net amount at 31 December 2018	-	12,808	261	13,069

Amortization and depreciation recognized in the statement of profit and loss for the years ended 31 December 2018 and 2017 were as follows:

	2018	2017
Tangible fixed assets	11,056	12,359
Intangible assets (Note 9)	25,207	25,021
	36,263	37,380

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11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries at 31 December 2018 and 2017 correspond to the investment in Meglo - Media Global, S.G.P.S., S.A. ("Meglo"), whose head office, assets, equity, total income and net profit for the year were as follows:

In the years ended 31 December 2018 and 2017 Meglo - Media Global, SGPS, S.A. ("Meglo") distributed dividends of 18.916.190 Euros and 18,032,108 Euros (Note 8), respectively, as decided by the Shareholders' General Meetings held on 26 May 2018 and 8 May 2017, respectively. These amounts were recorded in the statements of comprehensive income caption "Gain on subsidiaries".

Company	Head office	2018					
		Assets	Equity	Total revenue	Net profit for the year	Participation percentage	Book value
Meglo	Barcarena	206,913,970	74,692,153	20,882,372	21,289,802	100%	174,413,138

Company	Head office	2017					
		Assets	Equity	Total revenue	Net profit for the year	Participation percentage	Book value
Meglo	Barcarena	216,965,882	73,125,694	19,099,281	19,263,706	100%	174,413,138

For purposes of assessing impairment, the investment was valued by the Board of Directors based on the business plan/financial projections of the cash generating units controlled by the Group.

The assessment was made based on business plans / financial projections of the various operating segments, prepared and approved by management, which use an explicit period of five years, being considered, subsequently, a perpetuity.

For this purpose market data obtained from external entities was used, which was compared to internal market intelligence and the Group's past experience, complemented by the estimated market effect of the business strategies adopted for each cash generating unit. Some of the main variables considered are as follows:

- Projected growth in revenue from:
 - Evolution of advertising investment in the main markets where the Group operates;
 - Audience share;
 - Market share;
- Operating costs;
- Synergies and rationalization of production costs.

The main information on the activities and assumptions considered for the operating segments identified for purposes on the impairment tests was as follows:

Television:

Television operations, with the broadcasting of television programs through a general channel, TVI, and under distribution contracts signed with operators broadcasting TVI 24, TVI Ficção, TVI Internacional, TVI África and TVI Reality.

The main assumptions relating to the operations considered in the projections were as follows:

- Moderate recovery of advertising revenues in 2019 and following years of the explicit projection period;
- Contained growth of other income related to the diversification of activities associated with various channels, including signal rights;
- Maintenance of a policy of containment of expenses, in the sequence of what has been done.

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Radio:

Radio operations, with music broadcasting and radio programs in Portugal by the following radio stations: “Rádio Comercial”, “m80”, “Cidade”, “Smooth FM” and “Vodafone FM”.

The main operating assumptions considered in the projections were as follows:

- Increase in the contents of Rádio Comercial and the other radio stations so as to maintain the leadership position achieved as a Group of Radios;
- Stabilization of audiences;
- Continuation of the cost control strategy.

Audiovisual production in Portugal:

Production of contents, various activities in support of the television channels, through Plural which is responsible for audiovisual creation, realization and production, as well as the exploitation of technical means and the preparation of scenarios.

The main operating assumptions considered in the projections were as follows:

- Maintenance of the cost containment policy in accordance with that which is already in force;
- Focus on internal production of national contents.
- Continued growth of the business of leasing technical means and production of events, increasing its presence in other markets.

Audiovisual production in Spain:

Operations in the Spanish audiovisual production market, in particular in the supply of production support services – technical means, human resources and scenario building.

The main operating assumptions considered in the projections were as follows:

- Focus on the exploitation of technical means and the preparation of scenarios market;
- Profitability of content already produced through its commercialization;
- Decrease in the structure of fixed costs.

Digital:

Digital operations supported by the portal www.iol.pt, which has a vast network of own contents, an extensive online directory of classified and publicity information, responsible for the majority of the Group's sites, as well as the production of mobile contents. They also include the rendering of internet and multimedia services to companies outside the Group.

The main operating assumptions considered in the projections were as follows:

- Improvement of the publicity market;
- Regular launching of new projects such as apps and other mobile services;
- Maintenance of variable and fixed operating costs control, related with operation.

Entertainment:

Operations include the music business, production of videograms, phonograms, audiovisual and multimedia production, the purchase and sale of records and equivalent items, the production of events and agency of artists.

The main operating assumptions considered in the projections were as follows:

- Decrease in the physical sale of CD's due to the tendency to migrate to the digital area;
- Focus on improving the profitability and volume indicators through the realization of events and the publishing activity.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

The discounted cash flow method was used, cash flow projections having been prepared for five years and a perpetuity considered after that:

- Nominal growth rate used in perpetuity of 0.75% (2.5% in 2017).
- Discount rate used from of 9.24% (8.2% in 2017) considering the exposure of the various operating segments to the media market, being the commercial activity, customers and the advertising market, viewed as one by the Company.

The Company believes that the estimates are reasonable, considering the abnormally penalizing market for the years up to close to the end of 2014 both as regards the initiatives in progress in terms of organic growth and implemented decrease in operating costs.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests would not result in a significant impairment of the investment in Meglo, considering a 0.5% variation in the nominal growth rate used in the perpetuity or the discount rate.

12. TRADE AND OTHER RECEIVABLES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Trade receivables	15	160
Receivables from related parties (Note 20)	438,267	114,869
	<u>438,282</u>	<u>115,029</u>

13. OTHER CURRENT ASSETS

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Receivables of related parties (Note 20)	39,834,939	64,729,730
State and other public entities (Note 19)	-	18,962
Others	29,050	17,780
	<u>39,863,989</u>	<u>64,766,472</u>

14. CASH AND CASH EQUIVALENTS

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Bank deposits repayable on demand	601	347
Cash	2,875	2,875
	<u>3,476</u>	<u>3,222</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

15. EQUITY

The Company's fully subscribed for and paid up capital at 31 December 2018 and 2017 was made up of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2018 and 2017 Media Capital's capital was held by the following shareholders:

	2018		2017	
	Shares	Percentage	Shares	Percentage
VERTIX	80,027,607	94.69	80,027,607	94.69
Others, less than 10% of capital	4,485,573	5.31	4,485,573	5.31
	<u>84,513,180</u>	<u>100.00</u>	<u>84,513,180</u>	<u>100.00</u>

At 31 December 2018 and 2017 the caption "Reserves" was made up as follows:

	2018	2017
Free reserves	37,391,223	38,356,464
Legal reserve	8,209,835	7,282,063
	<u>45,601,058</u>	<u>45,638,527</u>

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until the reserve reaches at least 20% of share capital. The reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses after all the other reserves have been used up or to increase capital.

Retained earnings at 31 December 2018 and 2017 amounted to 23,535,520 Euros, which corresponds to freely available profits earned in preceding years, subject to the restrictions set forth in Note 16.

The Shareholders' Annual General Meetings held on 25 May 2018 and 6 April 2017 approved the appropriation of results for the years ended 31 December 2017 and 2016 as follows:

	2017	2016
Legal reserve	927,772	825,929
Free reserves	17,627,659	-
Distribution of dividends	-	15,692,662
	<u>18,555,431</u>	<u>16,518,591</u>

In addition, in accordance with a decision of the Shareholders' General Meeting held on 27 July of 2018 and 6 April 2017, it was decided to distribute free reserves under the form of dividends in the amount of 18,592,900 Euros and 2,055,106 Euros, respectively.

The total dividend amounts distributed at those meetings correspond to a gross dividend of 0.220 Euros per share and 0.210 Euros per share, respectively.

As disclosed in the Director's Report, the Board of Directors did not propose the distribution of dividends to its shareholders in the application of the results for the year ended 31 December 2018.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

16. BORROWINGS

This caption was made up as follows at 31 December 2018 and 2017:

	2018		2017			
	Book Value	Nominal Value	Book Value		Nominal Value	
	Current	Current	Current	Non current	Current	Non current
Bonds	<u>35,817,780</u>	<u>35,250,000</u>	<u>25,677,185</u>	<u>35,200,708</u>	<u>24,750,000</u>	<u>35,250,000</u>

On 14 July 2014 the Company issued 7,500 bonds called Media Capital 2014-2019, for private subscription in the total amount of 75,000,000 Euros for a maximum period of 5 years (15,000,000 Euros in 2017, 24,750,000 Euros in 2018 and 35,250,000 Euros in 2019) with an annual interest rate corresponding to the six month EURIBOR rate plus a spread of 4%. The market value of these obligations does not differ significantly from their book value.

At 31 December 2018, the amount of 39,750,000 Euros was repaid, in compliance with the reimbursement plan, and the repayment of the nominal value of 24,750,000 Euros occurred during the year end 31 December 2018 as contractually provided.

The contract establishes early repayment in the event of non-compliance with the contractual obligations relating, among others, to ownership of the principal in situations implying loss of control by the Prisa Group and the financial performance of the Group and the distribution of results or reserves in excess of the Group's results for the year preceding the distribution which had not occurred at 31 December 2018.

In addition, reasonable changes in the above financial performance measures, measured based on the relationship between the Company's indebtedness and EBITDA (which globally consists of the operating result plus amortization, depreciation and provisions and impairment losses), namely a 5% variation in EBITDA continues to ensure compliance with the above requirements.

Reconciliation of liabilities arising from financing activities:

The table below details changes in Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities:

	01-01-2018	Cash flows from financing (i)	Other changes (ii)	31-12-2018
	Bonds	<u>60,877,893</u>	<u>(24,750,000)</u>	<u>(310,113)</u>
	01-01-2017	Cash flows from financing (i)	Other changes (ii)	31-12-2017
	Bonds	<u>75,965,196</u>	<u>(15,000,000)</u>	<u>(87,303)</u>

(i) Cash flows from the bonds, make up the net amount of proceeds from borrowing and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments.

The financing obtained from the parent company in 2017 was set up and repaid in the respective year in the amount of 4,605,700 Euros.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

17. TRADE AND OTHER PAYABLES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Accounts payable to related parties (Note 20)	270,703	213,861
Current suppliers	99,708	167,322
Accrued costs:		
Other supplies and services	19,275	97,411
	<u>389,686</u>	<u>478,594</u>

18. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Accrued remuneration	619,019	543,784
State and other public entities (Note 19)	237,024	188,650
Suppliers of fixed assets	26,324	31,450
Accounts payable to related parties (Note 20)	-	199,177
	<u>882,367</u>	<u>963,061</u>

19. STATE AND OTHER PUBLIC ENTITIES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>	
	Debt	Credit	Credit
	balances	balances	balances
	<u>(Note 18)</u>	<u>(Note 13)</u>	<u>(Note 18)</u>
Value Added Tax	112,847	18,962	75,119
Personal income tax	67,935	-	61,698
Social security contributions	56,219	-	51,816
Others	23	-	17
	<u>237,024</u>	<u>18,962</u>	<u>188,650</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

20. RELATED PARTIES

The balances at 31 December 2018 and 2017 and transactions in the years ended at this date with related parties (Prisa Group companies) were as follows:

Balances with related companies:

	2018		
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 17)
Top parent company:			
Prisa	-	-	133,119
Parent company:			
VERTIX	923	20,383	-
	<u>923</u>	<u>20,383</u>	<u>133,119</u>
Participated companies:			
TVI – Televisão Independente, S.A. ("TVI")	297,479	-	17,727
PLURAL Entertainment Portugal, S.A. ("PLURAL")	68,880	-	12
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	43,259	-	-
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	12,142	1,354	105,650
MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL")	8,333	-	-
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	2,947	-	-
PLURAL Entertainment España, S.L. ("PLURAL España")	1,518	-	4,721
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	1,264	-	1,169
CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. ("CASA DA CRIAÇÃO")	708	-	-
Rádio XXI, Lda. ("XXI")	383	-	-
EPC – Empresa Portuguesa de Cenários, Lda. ("EPC")	337	-	-
CLMC – Multimedia, S.A. ("CLMC")	94	-	-
Meglo	-	39,813,202	-
Prisa Tecnologias, S.L.	-	-	7,860
Prisa Gestão de Serviços, S.L.	-	-	445
	<u>437,344</u>	<u>39,814,556</u>	<u>137,584</u>
	<u>438,267</u>	<u>39,834,939</u>	<u>270,703</u>

	2017			
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 17)	Other current liabilities (Note 18)
Top parent company:				
Prisa	-	-	50,330	-
Parent company:				
VERTIX	923	-	-	154,894
	<u>923</u>	<u>-</u>	<u>50,330</u>	<u>154,894</u>
Participated companies:				
TVI – Televisão Independente, S.A. ("TVI")	48,802	-	30,677	30,505
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	37,851	1,294	119,296	-
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	11,183	-	-	3,811
PLURAL Entertainment Portugal, S.A. ("PLURAL")	10,809	-	-	8,140
MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL")	1,636	-	-	966
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	1,323	-	-	160
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	1,264	-	1,169	-
PLURAL Entertainment España, S.L. ("PLURAL España")	532	-	4,721	701
EPC – Empresa Portuguesa de Cenários, Lda. ("EPC")	306	-	-	-
EMAV – Empresa de Meios Audiovisuais, Lda. ("EMAV")	160	-	-	-
RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. ("REGIONAL")	80	-	-	-
Meglo	-	64,728,436	7,012	-
Prisa Tecnologias, S.L.	-	-	656	-
	<u>113,946</u>	<u>64,729,730</u>	<u>163,531</u>	<u>44,283</u>
	<u>114,869</u>	<u>64,729,730</u>	<u>213,861</u>	<u>199,177</u>

At 31 December 2018 and 2017, the accounts receivable recorded under "Clients and other accounts receivable" result from the Management Fees invoiced by the Company as part of its activity as a provider of shareholder management services.

At 31 December 2018 and 2017, accounts receivable from Meglo are derived from financing granted for financial support to the subsidiary's business, which are payable in the short term and bear interest at normal market rates for similar operations.

In the year ended at 31 December 2018, receipts and payments related to related parties, in the amounts of 50,082,172 Euros (40,591,497 Euros in 2017) and 26,021,000 Euros (26,085,400 Euros in 2017), respectively, refer essentially to short-term financing granted by the Company to those companies, which bear interest at normal market rates for similar operations.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

In addition, in the year ended at 31 December 2017, receipts and payments amounting to € 4,605,700 refer to the short-term financing granted by VERTIX, which was repaid during that year. This financing has earned interest at normal market rates for similar operations.

Transactions with related companies:

	2018			
	Services rendered	Other revenue	Financial income (Note 7)	Supplies and services (Note 5)
Top parent company:				
Prisa	-	-	-	900,600
Parent company:				
VERTIX	-	9,000	-	-
	-	9,000	-	900,600
Participated companies:				
TVI	3,634,614	240,667	-	-
PLURAL	850,181	25,080	-	-
COMERCIAL	494,197	58,932	-	-
DIGITAL	105,599	4,032	-	-
PLURAL España	25,779	-	-	56,657
FAROL	23,581	11,472	-	-
IOL Negócios	-	12,336	-	11,400
Santillana Editores, S.A.	-	163	-	-
Prisa Tecnologias, S.L.	-	-	-	7,860
Meglo	-	-	2,036,821	-
MC SERVIÇOS	-	-	-	1,017,451
	5,133,951	352,682	2,036,821	1,093,368
	5,133,951	361,682	2,036,821	1,993,968

	2017				
	Prestações de serviços	Outros Rendimentos operacionais	Rendimentos financeiros (Nota 7)	Fornecimentos e serviços externos (Nota 5)	Gastos financeiros (Nota 7)
Top parent company:					
Prisa	-	-	-	826,798	-
Parent company:					
VERTIX	-	9,000	-	-	25,192
	-	9,000	-	826,798	25,192
Participated companies:					
TVI	3,653,790	134,400	-	-	-
PLURAL	976,015	25,080	-	1,108	-
COMERCIAL	457,148	70,932	-	-	-
DIGITAL	115,428	4,032	-	-	-
PLURAL España	84,336	-	-	56,657	-
FAROL	19,246	11,472	-	-	-
IOL Negócios	-	12,336	-	11,400	-
Santillana Editores, S.A.	-	976	-	-	-
Prisa Tecnologias, S.L.	-	-	-	7,864	-
Meglo	-	-	2,890,883	-	-
MC SERVIÇOS	-	-	-	1,154,432	-
	5,305,963	259,228	2,890,883	1,231,461	-
	5,305,963	268,228	2,890,883	2,058,259	25,192

21. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

The remuneration of the key members of the Company's management, for the year ended at 31 December 2018, amounted to 716,379 Euros (1,064,680 Euros in 2017).

During the year ended at 31 December 2018, these remunerations are divided into fixed remunerations of 501,556 Euros and variable remuneration of 214,823 Euros (501,877 Euros and 562,803 Euros in 2017).

The remuneration of these key members is determined by the applicable Remuneration Committee of the Company, taking into account parameters related to individual performance.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

22. FINANCIAL INSTRUMENTS

Financial instruments at 31 December 2018 and 2017 were made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial assets:</u>		
Receivables (Notes 8, 12 and 13)	40,494,848	65,136,240
Cash and cash equivalents (Note 14)	3,476	3,222
	<u>40,498,324</u>	<u>65,139,462</u>
<u>Financial liabilities:</u>		
Borrowings (Note 16)	35,817,780	60,877,893
Payables (Notes 17 and 18)	1,272,053	1,441,655
	<u>37,089,833</u>	<u>62,319,548</u>

At 31 December 2018 and 2017, the Company only has financial assets and liabilities measured at amortized cost, which, as mentioned above, refer to third party accounts receivable, cash and cash equivalents, loans and accounts payable to third parties.

With regard to current accounts receivable, current accounts payable and cash and cash equivalents, the Company considers, in view of the specific characteristics of these financial instruments, that the fair value does not differ significantly from its book value and is therefore not necessary, in accordance with IFRS 13, present its fair value by measurement levels.

The Company, in the development of its activity and business, is exposed to a variety of financial risks susceptible of altering its equity value, which, according to their nature, are as follows:

- Market risks, essentially based on interest rate risk;
- Credit risk; and
- Liquidity risk.

In this way, all management is guided by two fundamental principles:

- Reduce, whenever possible, fluctuations in results and cash flows subject to risk situations;
- Limit deviations from projected results through rigorous financial planning based on multiannual budgets.

(a) Market risk

Market risk relates to changes in interest rates and exchange rates.

(i) Interest rate

In order to monitor this risk the Company regularly controls the financial autonomy and Net Debt/EBITA ratios, as well as other measures that attest the balance of its indebtedness structure.

Interest rate risk relates essentially to interest cost resulting from bonds issued and the commercial paper program at variable interest rates.

At 31 December 2018 the full amount of the loan contracted was exposed to changes in the market interest rate.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2018 and 2017 net profit for these years would have increased or decreased by approximately 243,000 Euros and 339,863 Euros, respectively.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

(b) Credit risk

Credit risk is mainly related to the accounts receivable from related companies, resulting from management fees and financing granted to the Group's companies. This risk is monitored on a regular basis by each of the Company's businesses with the objective of:

- Ensure compliance with defined payment policy;
- Analyze the financial condition of the related parties on a regular basis.

Credit risk is limited as a result of the Group's customer base being diversified and unrelated.

The Company's financial assets relate to short-term related party accounts receivable for which it adopts the expected 12-month loss model.

The movement in impairment losses for each type of asset is disclosed in Note 12.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from internal and external sources, when available, of actual and forecasted economic information related to the Company's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- The debtor not meeting the established due dates of the receivables.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of payment terms by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above); or
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, namely with the publication of the foreclosure of the debtor.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(c) Liquidity risk

This risk may occur if the sources of financing, such as operating cash flows, disinvestment, credit lines and cash flows obtained from financing operations, do not meet the financing needs, such as cash outflows for operating and financing activities, investments, shareholder remuneration and debt repayment.

As a way to mitigate this risk, the Company seeks to maintain a net position and an average maturity of the debt that allows it to be repaid in adequate terms.

The Company understands that it will be able to meet the short-term liabilities, namely debt that will expire in 2019 (Note 16), taking into consideration the cash it expects to be generated by its subsidiaries as well as the additional financing capacity they held at 31 December 2018, and will allow it to realize its current assets receivable from its direct subsidiary.

23. GUARANTEES GIVEN TO THIRD PARTIES

At 31 December 2018 and 2017, the Company had bank guarantees presented in relation to tax processes in progress in the amount of 553,720 Euros.

In accordance with the information published by Prisa in the "National Securities Market Commission" (CNMV) in Spain, on 29 June 2018, several refinancing agreements between Prisa and a syndicate constituted by a group of bank and financing institutions entered in force. As from that date, and at the date of the consolidated statement of financial position, Media Capital, taking into account the indirect ownership relationship with Prisa, and as a result of the above mentioned renegotiation, is considered a "Restricted company" under those financing agreements terms.

Within the scope of this contractual position, Media Capital does not assume any payment obligations arising from Prisa's financial debt, and is subject only to restrictions on the level of transactions that the Group companies may carry out or enter into, in particular, with respect to investments, corporate transactions or additional indebtedness. In this way, any breach of contract by Prisa will not affect Media Capital's assets.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 26)

24. CONTINGENT LIABILITIES

The Company received additional settlements in IRC and other taxes during the fiscal year 2016 related to tax inspections, in the amount around 436,000 Euros. At 31 December 2018, given the nature of these proceedings, the Company disagrees with these assessments and considers, based on the opinion of its legal counsel, that there are strong arguments to counter the position of the tax authorities, and therefore did not record any provision in the statements financial institutions. Given the nature of these processes, the timing of their resolution depends on the various phases that they will follow.

In addition, in the course of its activity, the Company is involved in lawsuits, whose share amounts to approximately 155,000 Euros. Based on the opinion of the Company's lawyers, no liability is assumed as a result of the outcome of these proceedings. Due to their nature, the timing of their resolution depends on judicial resolution.

25. STATUTORY AUDITOR'S FEES

During the year ended 31 December 2018 and 2017, fees related to work performed by the Statutory Auditor and by entities in its network amounted to 50,000 Euros and 43,450 Euros, which are detailed as follows:

	<u>2018</u>	<u>2017</u>
Statutory audit	28,500	28,500
Other reliability assurance services (a)	18,000	-
Review of financial ratios of annual accounts	3,000	3,000
Audit of the internal control (b)	<u>500</u>	<u>11,950</u>
	<u>50,000</u>	<u>43,450</u>

a) This amount relates to internal audit work on entities of the Statutory Auditor's network.

(a) The amount of this item in 2018 refers exclusively to the certification, by the Statutory Auditor, for regularization of Value Added Tax on bad debt receivables.

26. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANTTHE BOARD OF DIRECTORS

CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS CONSOLIDADAS

Opinião

Auditámos as demonstrações financeiras consolidadas anexas da Grupo Média Capital, SGPS, S.A. (a "Entidade") e suas subsidiárias (o "Grupo"), que compreendem a demonstração consolidada da posição financeira em 31 de dezembro de 2018 (que evidencia um total de 293.890.671 Euros e um total de capital próprio de 143.519.395 Euros, incluindo um resultado líquido consolidado de 21.573.126 Euros), a demonstração consolidada dos resultados, a demonstração consolidada dos rendimentos integrais, a demonstração consolidada das alterações no capital próprio e a demonstração consolidada dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras consolidadas que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira consolidada da Grupo Média Capital, SGPS, S.A. em 31 de dezembro de 2018 e o seu desempenho financeiro e fluxos de caixa consolidados relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas" abaixo. Somos independentes das entidades que compõem o Grupo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras consolidadas do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras consolidadas como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

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Descrição dos riscos de distorção material mais significativos identificados

Imparidade do goodwill

O *goodwill* do Grupo apresentado na demonstração consolidada da posição financeira em 31 de dezembro de 2018 ascende a 149.374.120 Euros, sendo avaliada anualmente a imparidade do mesmo para efeitos do reporte financeiro ou sempre que se verifiquem indícios de imparidade. Conforme referido na nota 13 das notas anexas às demonstrações financeiras consolidadas, esta avaliação é efetuada pelo órgão de gestão, sendo baseada em projeções financeiras de fluxos de caixa descontados, que incorporam determinados pressupostos definidos pelo órgão de gestão, nomeadamente, o crescimento projetado das receitas resultante da evolução do investimento publicitário nos principais mercados onde o Grupo opera, o *share* de audiência e a quota de mercado, sinergias e racionalização de gastos de produção e correspondentes gastos operacionais, bem como as taxas de desconto e de crescimento nominal utilizada na perpetuidade. Face à relevância do saldo da rubrica de *goodwill* e à subjetividade e complexidade dos julgamentos necessários para a definição dos pressupostos acima referidos, concluímos que a análise de imparidade do *goodwill* é uma matéria relevante para a auditoria às demonstrações financeiras consolidadas do Grupo em 31 de dezembro de 2018.

Síntese da resposta dada aos riscos de distorção material mais significativos identificados

Os nossos procedimentos para mitigar este risco incluíram:

- Testes aos controlos considerados relevantes, implementados no Grupo relativos à análise de imparidade do *goodwill* efetuada pelo órgão de gestão;
- Aferição da fiabilidade das estimativas efetuadas pelo órgão de gestão, por referência à comparação do desempenho atual com estimativas efetuadas em períodos anteriores;
- Comparação de pressupostos chave utilizados na análise de imparidade do *goodwill* pelo órgão de gestão com informação externa, quando tal se demonstrou aplicável;
- Comparação de informação relevante considerada nas projeções financeiras de fluxos de caixa descontados utilizados com os orçamentos aprovados pelo órgão de gestão;
- Teste à correção aritmética das projeções financeiras de fluxos de caixa descontados utilizadas pelo órgão de gestão;
- Teste à adequação das divulgações efetuadas nas notas 2.3 e 13.

Reconhecimento dos gastos com direitos de transmissão de programas de televisão

O reconhecimento dos gastos com direitos de transmissão de programas de televisão requer julgamento conforme divulgado nas notas 2.7 e 3 das notas anexas às demonstrações financeiras consolidadas, existindo o risco da política contabilística definida e adotada pelo Grupo não ser adequada para o correto reconhecimento do gasto dos referidos direitos de acordo com os benefícios económicos esperados decorrentes da sua utilização. O perfil de reconhecimento do gasto com direitos de transmissão de programas de televisão relativos a produção própria requer mais julgamento do que os restantes direitos de transmissão, dado o número de fatores qualitativos envolvidos na determinação do respetivo padrão de benefícios esperados.

Analisámos o método de reconhecimento do gasto com direitos de transmissão, considerando os diferentes tipos de programas, o padrão das respetivas audiências e as práticas utilizadas na indústria de operadores de televisão.

Os nossos procedimentos incluíram:

- Testes aos controlos considerados relevantes, implementados no Grupo relativos ao reconhecimento dos gastos com direitos de transmissão de programas de televisão;
- Avaliação da consistência da aplicação da política contabilística adotada e sua comparação com as práticas utilizadas na indústria;
- Comparação do perfil de gasto reconhecido com o padrão de retorno resultante das audiências verificadas;

- Para uma amostra de programas reconhecidos como gasto, verificação da sua inclusão na grelha de emissão do exercício, e validação do respetivo gasto reconhecido atentos os critérios de reconhecimento estabelecidos;
- Para uma amostra dos direitos adquiridos ou dos programas produzidos pelo Grupo no exercício, verificação de evidência apropriada do critério de reconhecimento estabelecido.

Reconhecimento da receita de publicidade em televisão

A receita de publicidade resultante das campanhas publicitárias efetuadas pelos clientes em televisão depende das respetivas audiências e condições acordadas. Conforme referido na nota 2.10 das notas anexas às demonstrações financeiras consolidadas, a mensuração da referida receita depende da medição e perfil das respetivas audiências, dos descontos e bónus atribuídos em função do investimento publicitário efetuado pelos clientes e das restantes condições acordadas. Assim, dada a complexidade e julgamento do seu reconhecimento, existe o risco da receita resultante das referidas campanhas ser incorretamente registada, atenta a efetiva medição das audiências e a aplicação dos descontos a conceder que se encontrem negociados e das restantes condições acordadas.

Avaliámos a política de reconhecimento da receita de publicidade adotada pelo Grupo por referência às normas contabilísticas aplicáveis.

Os nossos procedimentos incluíram:

- Entendimento do processo de apuramento da receita de publicidade pelos sistemas relevantes de suporte à faturação e avaliação dos mecanismos de controlo interno considerados relevantes no apuramento e registo da receita de publicidade;
- Para uma amostra de campanhas publicitárias reconhecidas, procedemos ao recálculo da receita apurada por referência às condições comerciais acordadas e respetiva audiência atingida na faixa horária da sua exibição;
- Comparação da responsabilidade estimada e registada pelo Grupo relativa a descontos de quantidade e bónus concedidos a clientes, com o valor apurado resultante do investimento publicitário realizado e das condições comerciais estabelecidas entre o Grupo e aquelas entidades;
- Aferição da fiabilidade das estimativas efetuadas pelo órgão de gestão, por referência à comparação dos descontos efetivamente concedidos no período com as estimativas registadas em períodos anteriores.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras consolidadas

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Grupo de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão, incluindo o relatório de governo societário, nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro;

- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade do Grupo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira do Grupo.

Responsabilidades do auditor pela auditoria das demonstrações financeiras consolidadas

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras consolidadas como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Grupo para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Grupo descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou atividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;

- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras consolidadas do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública;
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras consolidadas e as verificações previstas nos números 4 e 5 do artigo 451.º do Código das Sociedades Comerciais, bem como a verificação de que a informação não financeira consolidada foi apresentada.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras consolidadas auditadas e, tendo em conta o conhecimento e apreciação sobre o Grupo, não identificámos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento ao artigo 451.º, n.º 4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245.º-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Sobre a informação não financeira consolidada prevista no artigo 508º-G do Código das Sociedades Comerciais

Dando cumprimento ao artigo 451.º, n.º 6, do Código das Sociedades Comerciais, informamos que a Entidade preparou um relatório separado do relatório de gestão que inclui a informação não financeira consolidada, conforme previsto no artigo 508º-G do Código das Sociedades Comerciais tendo o mesmo sido publicado juntamente com o relatório de gestão.

Sobre os elementos adicionais previstos no artigo 10º do Regulamento (UE) n.º 537/2014

Dando cumprimento ao artigo 10.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos nomeados auditores da Grupo Média Capital, SGPS, S.A., enquanto Entidade de Interesse Público, pela primeira vez na assembleia geral de acionistas realizada em 2005 para um mandato de quatro anos que se encontrava em curso e que foi sucessivamente renovado. Fomos nomeados em assembleia geral de acionistas realizada em 2015 para o mandato em curso que decorre até 2019.
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras consolidadas devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras consolidadas devido a fraude.

- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização do Grupo em 11 de março de 2019.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77.º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face ao Grupo durante a realização da auditoria.

Lisboa, 11 de março de 2019

Deloitte & Associados, SROC S.A.
Representada por Pedro Miguel Argente de Freitas e Matos Gomes, ROC

CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas da Grupo Média Capital, SGPS, S.A. (“Entidade”), que compreendem a demonstração da posição financeira em 31 de dezembro de 2018 (que evidencia um total de 215.009.896 Euros e um total de capital próprio de 177.920.063 Euros, incluindo um resultado líquido de 19.199.514 Euros), a demonstração dos resultados e dos outros rendimentos integrais, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da Grupo Média Capital, SGPS, S.A. em 31 de dezembro de 2018 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção “Responsabilidades do auditor pela auditoria das demonstrações financeiras” abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

Descrição dos riscos de distorção material mais significativos identificados

Imparidade dos investimentos em subsidiárias

Os investimentos em subsidiárias da Entidade apresentados na demonstração da posição financeira em 31 de dezembro de 2018 ascendem a 174.413.138 Euros. Conforme referido na nota 11 das notas anexas às demonstrações financeiras, a avaliação da imparidade dos referidos investimentos é efetuada pelo órgão de gestão, sendo baseada em projeções financeiras de fluxos de caixa descontados, que incorporam determinados pressupostos definidos pelo órgão de gestão, nomeadamente, o crescimento projetado das receitas resultante da evolução do investimento publicitário nos principais mercados onde as participadas da Entidade operam, o *share* de audiência e a quota de mercado, sinergias e racionalização de gastos de produção e correspondentes gastos operacionais, bem como as taxas de desconto e de crescimento nominal utilizada na perpetuidade. Face à relevância do saldo da rubrica de investimentos em subsidiárias e à subjetividade e complexidade dos julgamentos necessários para a definição dos pressupostos acima referidos, concluímos que a análise de imparidade dos referidos investimentos é uma matéria relevante para a auditoria às demonstrações financeiras da Entidade em 31 de dezembro de 2018.

Síntese da resposta dada aos riscos de distorção material mais significativos identificados

Os nossos procedimentos para mitigar este risco incluíram:

- Testes aos controlos considerados relevantes, implementados na Entidade relativos à análise de imparidade dos investimentos em subsidiárias efetuada pelo órgão de gestão;
- Aferição da fiabilidade das estimativas efetuadas pelo órgão de gestão, por referência à comparação do desempenho atual com estimativas efetuadas em períodos anteriores;
- Comparação de pressupostos chave utilizados na análise de imparidade dos investimentos em subsidiárias pelo órgão de gestão com informação externa, quando tal se demonstrou aplicável;
- Comparação de informação relevante considerada nas projeções financeiras de fluxos de caixa descontados utilizados com os orçamentos aprovados pelo órgão de gestão;
- Teste à correção aritmética das projeções financeiras de fluxos de caixa descontados utilizadas pelo órgão de gestão;
- Teste à adequação das divulgações efetuadas nas notas 2.5 e 11.

Outras matérias

Conforme referido na nota introdutória das notas anexas, as demonstrações financeiras acima referidas referem-se à atividade da Entidade a nível individual e foram preparadas para aprovação e publicação nos termos da legislação em vigor. Conforme previsto nos IFRS e indicado na Nota 2.5, os investimentos financeiros em empresas do grupo são apresentados ao custo de aquisição deduzido de perdas por imparidade, quando estas se verificarem. Assim, as demonstrações financeiras anexas não incluem o efeito da consolidação de ativos, passivos, capital próprio, rendimentos e gastos totais das empresas participadas direta ou indiretamente pela Entidade, o que será efetuado em demonstrações financeiras consolidadas a elaborar e aprovar em separado.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Internacionais de Relato Financeiro (IFRS) tal como adotadas na União Europeia;
- elaboração do relatório de gestão, incluindo o relatório de governo societário, nos termos legais e regulamentares aplicáveis;

- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;

- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública;
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras e as verificações previstas nos números 4 e 5 do artigo 451.º do Código das Sociedades Comerciais, bem como a verificação de que a informação não financeira foi apresentada.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade, não identificámos incorreções materiais.

Sobre o relatório de governo societário

Dando cumprimento ao artigo 451.º, n.º 4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245.º-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

Sobre a demonstração não financeira prevista nos artigos 66º-B e 508º-G do Código das Sociedades Comerciais

Dando cumprimento ao artigo 451.º, n.º 6, do Código das Sociedades Comerciais, informamos que a Entidade preparou um relatório separado do relatório de gestão que inclui a informação não financeira, conforme previsto nos artigos 66º-B e 508º-G do Código das Sociedades Comerciais tendo o mesmo sido publicado juntamente com o relatório de gestão.

Sobre os elementos adicionais previstos no artigo 10º do Regulamento (UE) n.º 537/2014

Dando cumprimento ao artigo 10.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos nomeados auditores da Grupo Média Capital, SGPS, S.A., enquanto Entidade de Interesse Público, pela primeira vez na assembleia geral de acionistas realizada em 2005 para um mandato de quatro anos que se encontrava em curso e que foi sucessivamente renovado. Fomos nomeados em assembleia geral de acionistas realizada em 2015 para o mandato em curso que decorre até 2019.
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.

- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização da Entidade em 11 de março de 2019.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77.º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.

Lisboa, 11 de março de 2019

Deloitte & Associados, SROC S.A.
Representada por Pedro Miguel Argente de Freitas e Matos Gomes, ROC

RELATÓRIO E PARECER DA COMISSÃO DE AUDITORIA

1 Introdução

Nos termos e para os efeitos do disposto na alínea g) do artigo 423.º-F do Código das Sociedades Comerciais, a Comissão de Auditoria da sociedade Grupo Média Capital, SGPS, S.A. vem pelo presente apresentar aos Senhores Acionistas o relatório sobre a atividade fiscalizadora e, bem assim, dar o seu parecer sobre o Relatório e Contas individuais e consolidadas do exercício findo em 31 de Dezembro de 2018 bem como sobre as propostas apresentadas pelo Conselho de Administração da sociedade à Assembleia Geral.

2 Fiscalização da Sociedade

Durante o exercício de 2018, a Comissão de Auditoria acompanhou a evolução da atividade das sociedades integradas no Grupo Média Capital, tendo zelado pela observância da lei e do respetivo contrato de sociedade, a exatidão dos documentos de prestação de contas, verificado a regularidade dos registos contabilísticos, as políticas contabilísticas adotadas, fiscalizando o processo de preparação e divulgação da informação financeira bem como a informação periódica que foi divulgada ao mercado.

A Comissão de Auditoria analisou e avaliou durante o ano de 2018 a eficácia dos sistemas de gestão de risco e do sistema de controlo interno, conforme implementados pelo Conselho de Administração da Sociedade, em salvaguarda do seu valor e em benefício da transparência do governo societário. Da Comissão de Auditoria depende o Comité de Cumprimento da Media Capital, sendo as suas competências entre outras, identificar, controlar e mitigar, dentro do possível e através de procedimentos adequados, os riscos que a empresa pode sofrer por incumprimento das leis, normativas, normas internas ou códigos éticos que se apliquem à sua atividade, zelando pelo comportamento ético dos seus colaboradores.

Por considerar que os sistemas de controlo interno e de gestão de riscos tal como implementados na Sociedade são os adequados aos riscos identificados e a que a Sociedade se encontra exposta, a Comissão de Auditoria não considerou necessário propor ajustamentos ou alterações aos sistemas já implementados.

A Comissão de Auditoria acompanhou diretamente a atividade desenvolvida pelos serviços de auditoria interna das sociedades integradas no Grupo Média Capital tendo recebido o reporte da informação e das conclusões alcançadas pelos serviços de auditoria interna no âmbito dos trabalhos realizados, cujo plano foi agendado e delimitado conjuntamente com a Comissão de Auditoria. Não foi detetado qualquer facto digno de relevo no âmbito da atividade das referidas sociedades.

A Comissão de Auditoria, no âmbito da sua atividade de fiscalização, não se deparou com quaisquer constrangimentos ao exercício da sua atividade.

Para efeitos do desempenho das suas competências, nos termos da lei e do contrato de sociedade, os membros da Comissão de Auditoria participaram em todas as reuniões do Conselho de Administração. Durante o exercício, a Comissão de Auditoria reuniu seis vezes.

Durante o ano de 2018, e em linha com as recomendações relativas ao bom governo das sociedades cotadas, a Comissão de Auditoria procedeu à avaliação de todas as operações realizadas com acionistas significativos e com partes relacionadas, em cumprimento do disposto no Regulamento do Conselho de Administração, tendo-se reservado para emissão de parecer prévio a celebração de negócios com relevância significativa. Não ocorreram negócios com relevância significativa que carecessem de apreciação da Comissão de Auditoria.

No âmbito das suas competências, e enquanto principal interlocutor da empresa junto do Auditor, a Comissão de Auditoria acompanhou os trabalhos de auditoria desenvolvidos pelo Revisor Oficial de Contas que dão origem à emissão da certificação legal de contas, tendo ainda acompanhado os trabalhos e as conclusões atingidas no âmbito dos trabalhos desenvolvidos. A Comissão de Auditoria procedeu à avaliação do desempenho do Revisor Oficial de Contas tendo verificado a independência e a competência com que foram desempenhadas as funções do Revisor Oficial de Contas.

3 Declaração de responsabilidade

De acordo com o disposto no artigo 245.º n.º 1, c) aplicável por força do disposto no artigo 8.º n.º 1, alínea a) do Regulamento da CMVM n.º 5/2008 (Deveres de Informação), os membros da Comissão de Auditoria declaram que, tanto quanto é do seu conhecimento, a informação constante do Relatório de Gestão e dos demais documentos de prestação de contas foi elaborada em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do ativo e do passivo, da situação financeira e dos resultados e dos fluxos de caixa da Sociedade e das empresas incluídas no perímetro da consolidação. Mais entendem que o Relatório de Gestão expõe fielmente a evolução dos negócios, do desempenho e da posição da Sociedade e das empresas incluídas no perímetro da consolidação, contém uma descrição dos principais riscos e incertezas com que se defrontam.

4 Parecer sobre os relatórios e contas e propostas apresentados pelo Conselho de Administração

A Comissão de Auditoria examinou as propostas do Conselho de Administração, a apresentar ao Senhores Acionistas, o Relatório de Gestão individual e consolidado e as demonstrações individuais e consolidadas do exercício findo em 31 de Dezembro de 2018, os quais incluem as demonstrações da posição financeira individual e consolidada, a demonstração consolidada dos resultados, as demonstrações individuais e consolidadas dos rendimentos integrais, dos fluxos de caixa e das alterações no capital próprio e respetivos anexos, do exercício findo àquela data, elaborados de acordo com as Normas Internacionais de Relato Financeiro, tal como adotadas pela União Europeia.

Adicionalmente, analisou as Certificações Legais de Contas e Relatórios de Auditoria sobre as referidas demonstrações financeiras individuais e consolidadas, elaborados pelo Revisor Oficial de Contas.

A Comissão de Auditoria concorda com as Certificações Legais das Contas individuais e consolidadas elaboradas pelo Revisor Oficial de Contas.

A Comissão de Auditoria analisou o Relatório sobre o Governo da Sociedade relativo ao exercício de 2018 preparado pelo Conselho de Administração, o qual se encontra em anexo ao Relatório de Gestão, verificando que foi preparado em cumprimento do disposto no Regulamento da CMVM n.º 4/2013 (Governo das Sociedades) conforme emanado pela Comissão do Mercado de Valores

Mobiliários e inclui, entre outros, os elementos constantes do artigo 245.º-A do Código dos Valores Mobiliários.

Em face do exposto, a Comissão de Auditoria é de opinião que as demonstrações financeiras individuais e consolidadas, o Relatório de Gestão individual e consolidado em 31 de dezembro de 2018, bem como a proposta de aplicação dos resultados expressa no Relatório de Gestão estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis pelo que recomenda a sua aprovação pelos Acionistas.

Queluz de Baixo, 22 de fevereiro de 2019

A Comissão de Auditoria,

António Pires de Lima (Presidente)

Agnés Noguera (Vogal)

Manuel Mirat (Vogal)